

# DAILY REPORT

*China*

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PRC REPRESENTED AT 'GET TOGETHER FOR PEACE'

OW250858 Beijing XINHUA in English 0751 GMT 25 Jan 86

[Text] Geneva, January 24 (XINHUA) -- The "get together for peace" conference, attended by 110 non-governmental organizations, ended here today with a call to the international community for joint efforts to maintain world peace. A written appeal adopted by the five-day conference said the nuclear arms race poses the gravest threat to world peace, and called on all peoples to join campaigns to put an immediate end to all nuclear tests, prevent an arms race in outer space and eliminate chemical weapons and other arms of mass destruction.

Peace is essential for satisfying the needs of mankind for food, health, education, work and environmental protection, the document said. It also urged governments to reduce substantially military spending and reverse the imbalanced use of natural resources. A delegation of the Chinese People's Association for Friendship with Foreign Countries attended the conference.

FOREIGN MINISTRY DENIES RUMORS OF DENG'S HEALTH

HK221100 Hong Kong AFP in English 1056 GMT 22 Jan 86

[Text] Beijing, Jan 22 (AFP) -- The Chinese Foreign Ministry today issued a further denial of rumours from Hong Kong that top leader Deng Xiaoping's health was failing. Mr Deng, 81, is "in very good health," said Ministry spokesman Li Zhaoxing, in Beijing's second such denial in 24 hours. "These rumours are pure invention," he added.

The Foreign Ministry issued a similar denial yesterday. Share prices in Hong Kong plunged 30 points Monday on rumours that Mr Deng's health had recently deteriorated.

DEFLECTION TO U.S. OF KGB OFFICER DISCLOSED

OW261929 Beijing XINHUA in English 1858 GMT 26 Jan 86

[Text] Washington, January 26 (XINHUA) -- A high-ranking Soviet K.G.B. officer who defected to the United States last year may be the most valuable defector from the Soviet Union to the U.S., it was disclosed here today. Congressional sources said the defector was a Soviet officer of the K.G.B. who escaped by helicopter last spring from the Democratic Republic of Germany and was questioned at an American military base in Federal Germany before traveling to the U.S. Press reports said the defector is providing information that "is much more important" than that provided by Vitaly S. Yurchenko, a Soviet defector who later returned to Moscow last year.

The U.S. Central Intelligence Agency refused to confirm the reported defection and went to great lengths to keep it as a top secret for fear that disclosure of the case might have upset the summit meeting in November between U.S. President Ronald Reagan and Soviet Leader Mikhail S. Gorbachev. Reports said the United States might now learn valuable information about the K.G.B.'s organization and management from this defector. U.S. NEWS AND WORLD REPORT magazine reported in detail the defection in its February 3 edition.

AMBASSADOR HAN XU INTERVIEWED ON RELATIONS

OW241141 Beijing Domestic Service in Mandarin 1150 OMT 18 Jan 86

[Text] Listeners: On New Year's Eve, we received a letter from Chang Jiangyang, a listener of Hubei's Honghu, and another letter from Zhong Xiaolin, a listener in Beijing, asking us to discuss current Sino-U.S. relations. It so happened that our Washington correspondents (Fan Xinlong) and (Zhang Guohua) had interviewed Han Xu, ambassador to the United States, before the end of 1985. Ambassador Han talked about the various aspects of Sino-U.S. relations. We would like to use Ambassador Han's talk to answer our listeners' questions. Later, the editors and announcers of the "International Issues Letterbox" program will have a discussion. Now, let me read the transcribed text of his talk.

Ambassador Han said: As is known to all, China is the largest developing country in the world, and the United States is the most developed. China is rich in resources and manpower, and has great market potentials, whereas the United States is strong in technology and investment funds. In developing their economies and technology, the two countries can, by cooperation, make up each other's deficiencies. Developing their relations in all areas is not only in the interest of both the Chinese and American people, but conducive to world peace and stability as well.

We were very glad to see the exchange of visits between Premier Zhao Ziyang and President Reagan in 1984 and President Li Xiannian's visit to the United States last July. The two sides signed an agreement on the peaceful use of nuclear energy, a 2-year program for the implementation of the Sino-U.S. cultural agreement, a protocol for educational exchanges between China and the United States and a fishery agreement. In October, Vice President Bush visited China.

As a result of the exchange of visits by their leaders and the efforts on both sides, the two countries now enjoy a fairly stable relationship. Cooperation and exchanges in the economic field and trade are more extensive and profound. The trade volume in the first half of 1985 reached \$3.9 billion, and the figure for the whole year may top the record \$6.1 billion set in 1984. Economic cooperation between the two countries continues to grow. U.S. investment in China has topped \$1 billion and the number of agreements for Sino-U.S. cooperation in the scientific-technological field has reached 24.

Currently, the two countries are cooperating on more than 400 scientific-technological projects. Friendly ties between the Chinese and American peoples are also expanding. The two countries have established 17 sister-province or sister-state relationships and 19 sister-city relationships. Some 15,000 Chinese students and scholars are currently studying in the United States, and 1,800 American students are now pursuing their academic goals in China in the 1984-85 academic year.

To be sure, the development of Sino-U.S. relations has never been smooth sailing from the very beginning. The biggest obstacle remains the Taiwan issue. This problem could always cause serious trouble in Sino-U.S. relations if it is not solved. The key to resolving the problem is the U.S. strict adherence to the principles laid down in the three joint communiques in Sino-U.S. relations.

In economic and technological cooperation and trade, some problems remain to be resolved. The United States has relaxed certain restrictions on technology transfer to China. We hope that the measures are translated into concrete action. The rising protectionist trend is hampering the development of bilateral trade. The trade deficit China has sustained in its trade with the United States has totaled \$15 billion since 1972. The United States should adopt a fair and reasonable policy toward China that will benefit the people of both countries.

In short, the mutual beneficial cooperative relations between the two countries have developed rapidly, but the potentials have not been fully tapped. Vigorous efforts are needed to remove certain obstacles. I believe that Sino-U.S. relations can develop more rapidly on a strong and reliable foundation, provided the two sides seriously observe and implement the principles laid down in the three joint communiqes, take steps to enhance understanding, treat each other on the basis of equality, and correctly deal with differences in accordance with the Five Principles of Peaceful Coexistence.

I am optimistic about Sino-U.S. relations. On the eve of 1986, I wish further and more satisfactory development of Sino-U.S. relations and the further strengthening of friendship between the Chinese and American people.

#### JINGJI CANKAO ON U.S. FOREIGN TRADE LEGISLATION

HK230703 Beijing JINGJI CANKAO in Chinese 9 Jan 86 p 6

[Article by Tong Fuquan of the World Economics and Political Research Institute under the Chinese Academy of Social Sciences: "The United States Strengthens Its Foreign Trade Management With Economic Legislation" -- capitalized passages published in bold-face]

[Text] In the United States, foreign trade is mainly conducted by private enterprises. In order to strengthen foreign trade management, in addition to the adoption of economic methods and necessary administrative means, the U.S. Government also uses economic legislation to set various standards for foreign trade, guiding private enterprises to develop in the direction anticipated by the government.

Since before World War II, the United States has enacted over 1,000 foreign trade laws of various kinds. Most of them are economic regulations concerning foreign trade, including the "Reciprocal Trade Law of 1934," the "Export Control Law of 1949," the "Trade Law of 1974," the "Export Adjustment Law of 1979," and the "Textile and Apparel Trade Enforcement Act of 1985" recently passed by the U.S. Congress (also called "the Jenkins Bill," which was vetoed by President Reagan), and more. As the government's effective legal means to readjust foreign trade, the above legislation has played a great propulsive role in the rapid development of U.S. import and export trade since the war. According to the U.S. Constitution, the right to enact economic legislation concerning foreign trade belongs to the U.S. Congress, while the federal government formulates and carries out foreign trade policies in light of the legislation passed by Congress. However, the right to implement foreign trade policies is, to a great extent, scattered among various government departments, and a central organization for exercising unified leadership is needed. Generally speaking, the method of enacting U.S. foreign trade legislation is as follows: First, every functional organization (like the U.S. Commerce Department, the U.S. International Trade Commission, and so on) presents its trade policy plans or revised policy reports to the President for approval. Then these plans are debated in Congress before becoming laws. Finally, after being signed by the President, they are handed down to departments concerned for implementation.

Since the war, the main practices of the U.S. Government in using economic legislation to control foreign trade are:

FIRST, ENACTING RELEVANT LAWS AND POLICIES IN LIGHT OF THE FOREIGN TRADE SITUATIONS IN DIFFERENT PERIODS.

In order to protect its domestic markets and expand the markets for U.S. products in foreign countries, the United States has enacted many economic laws on foreign trade in different periods. For example, in the early 1960's, in connection with the export of U.S. agricultural products to the European Economic Community countries, Congress approved "The Trade Expansion Act of 1962," authorizing President Kennedy to reduce the tariff on imported agricultural products by 50 to 100 percent in an attempt to seek a similar tariff reduction by West European countries and allow U.S. agricultural products to enter the European Economic Community market. As the U.S. tariff rate was higher than West European rates at that time, the reciprocal tariff reduction was advantageous to the export of U.S. agricultural products. Another example is that, in order to halt the mass exportation of textiles manufactured by countries in the Asian-Pacific region to the United States, Congress approved on 13 November 1985 the "Textile and Apparel Trade Enforcement Act of 1985," which was subsequently vetoed. The act stipulated that a country and region whose textile exports to the United States exceed the total U.S. textile import quota from that country by 1.25 percent or above are regarded as main suppliers. Their textile export quotas to the United States should be based on the figures of 1980. Until the end of 1984, their annual growth rate should not exceed 6 percent. Beginning in 1985, their annual growth rates will be confined to 1 percent. Canada and the European Economic Community countries are not subject to this act.

#### SECOND, MAINTAINING THE CONTINUITY AND RELATIVE STABILITY OF FOREIGN TRADE LAWS AND REGULATIONS.

The foreign trade laws enacted by the United States are not unalterable. They change along with the development of foreign trade and can be revised and supplemented at any time to improve and organize them. In order to promote the development of foreign trade, as early as in 1934, the U.S. Government enacted "The Reciprocal Trade Law." By 1962, this law had already been revised on 11 occasions, with new clauses constantly added to it during the revisions, including "extraordinary clauses," "trouble spot clauses," "national security clauses," and so on. Because the United States can constantly revise its economic laws on foreign trade in light of changes in conditions, it has avoided much confusion caused by invalid clauses.

#### THIRD, INTEGRATING ECONOMIC MEASURES WITH LEGAL MEANS TO ENSURE THE IMPLEMENTATION AND ENFORCEMENT OF FOREIGN TRADE LEGISLATIONS.

U.S. foreign trade legislation is not a series of propagandistic or policy-like documents. It is legally binding and applicable to the people of the whole country. Every foreign trade decree is very detailed, containing not only the content and methods of implementation of the decree, but also the additional "particulars" about using economic means to punish violators. Minor offenders will be fined, while major offenders will be imprisoned. As the law can really be strictly enforced and violations of the law must be investigated and dealt with, the powerful strength of economic legislation can be brought into play.

#### FOURTH, DEVISING A WHOLE SET OF STRINGENT MANAGEMENT METHODS.

There is a stringent system for the enactment of U.S. economic laws on foreign trade. Every law must be debated in Congress and approved and signed by the President before implementation. Every relevant organization also works out corresponding "implementation regulations." Meanwhile, the contents of every law -- from a state's foreign trade principles, policies, guidelines, and systems to the implementation methods, procedures, and various report formats and tables -- all have a set of stringent management methods. Thus, the implementation and enforcement of each law can be ensured, fully displaying its role in promoting foreign trade.

CPC OFFICIAL RESTATES LACK OF RELATIONS WITH CPSU

HK250312 Beijing CHINA DAILY in English 25 Jan 86 p 1

[Text] "The Communist Party of China (CPC) does not have any relationship with the Soviet Communist Party," spokesman of the International Liaison Department of the CPC Central Committee told CHINA DAILY yesterday. The official made this remark when asked to comment on a recent report by a foreign news agency, which said the CPC would not send a delegation to the 27th National Congress of the Soviet Communist Party scheduled next month.

1986 SINO-SOVIET TRADE PROTOCOL SIGNED

OW231534 Beijing XINHUA in English 1527 GMT 23 Jan 86

[Text] Beijing, January 23 (XINHUA) -- A goods exchange and payments protocol for the year 1986 was signed here today by representatives of China and the Soviet Union. The two sides also exchanged letters concerning border trade between China's Xinjiang Uyger Autonomous Region and five neighboring Soviet republics and other regions.

The document was signed by Wang Pingqiang, Chinese vice-minister of foreign economic relations and trade and G.K. Zhuravlev, Soviet first vice-minister of foreign trade. Under the protocol, China will sell the Soviet Union items such as nonferrous metals, soybeans, maize, peanuts, frozen meat, fruit, textiles and light industrial products. The Soviet Union will provide China with nonferrous metals, steel, pig iron, urea, automobiles, lumber and aeroplanes.

Minister of foreign economic relations and trade Zheng Tuobin, and Soviet Ambassador to China I.S. Shcherbakov attended the signing ceremony. The Soviet delegation is scheduled to leave for home tomorrow.

SOVIET ATTITUDE ON CAMBODIAN ISSUES UNCHANGED

OW251708 Beijing XINHUA in English 1647 GMT 25 Jan 86

[Commentary: Soviet Attitude to Kampuchean Problem Remains Unchanged (by Tang Tianri) -- XINHUA headline]

[Text] Beijing, January 25 (XINHUA) -- Since the beginning of this year, the official Soviet press and propaganda machines have been trumpeting new slogans about the Kampuchean problem and other regional issues. PRAVDA, the official party newspaper, said in a recent article that the political solution of regional problems requires a new approach, and that the Soviet Union is willing to coordinate its actions with other countries in this matter. Soon afterwards Soviet Vice Foreign Minister Mikhail S. Kapitsa told a press conference in Moscow that if a political solution is found to the Kampuchean problem the Vietnamese troops would possibly withdraw from Kampuchea in 1987. But does this rhetoric really represent a new Soviet policy on the Kampuchean problem?

In his statement, Kapitsa asked Democratic Kampuchean President Samdech Norodom Sihanouk and Democratic Kampuchean Coalition Prime Minister Son Sann to negotiate with the bogus Kampuchean regime with Vietnamese troops still in Kampuchea on condition that they must first cut all ties with the Democratic Kampuchean National Army. This is clearly a ploy to disrupt the unity of the three resistance forces of Democratic Kampuchea and dissolve the country's coalition government.

Kapitsa's remarks to the democratic Kampuchean National Army were quite hostile. He described them as "bandits," and did not recognize the National Army as a political force. He said that if the Kampuchean National Army was willing to "take the road of a political settlement," some of its leaders could contact Phnom Penh authorities.

But he maintained that those leaders "could not be regarded as representatives of a political force." What Kapitsa proposed, in fact, is a political conspiracy that attempts to weaken, break up and then wipe out the most powerful one in the three Kampuchean patriotic resistance forces.

Kapitsa took it for granted that the elimination of the three anti-Vietnamese factions in Kampuchea would lead to an agreement ending the undeclared war in Kampuchea, and to a "national election with international supervision." However, the so-called "election" would not be a real one, which the Kampuchean people deserve and would not be without foreign interference. The "election," if it happens, undoubtedly will be under Soviet control and serve only to legitimize the Heng Samrin puppet regime. In the Kremlin's view, the realization of these plans will allow the establishment of a "peace zone" in the form of an "Indochinese federation," which is backed by the Kremlin and controlled by Hanoi.

Kapitsa called for an "international conference" and assurances for a peace zone. This means the Soviet Union wants the international community to recognize Vietnam's occupation of Kampuchea and hegemony in Indochina.

The Soviet Union had hoped that by supporting Vietnam it could solve the Kampuchean problem through military means while advocating its so-called "political settlement blueprint." Kapitsa said if there is no way to reach a political settlement, "the de facto undeclared war would be continued." He imagined that with the Soviet Union's support, the Vietnamese and Heng Samrin puppet troops could become more militant and stronger within a few years' time, and the Kampuchean resistance forces would be wiped out. Then, the Kampuchean problem "would be eliminated automatically." To help realize this, the Soviet Union has doubled last year its annual economic and military aid to Vietnam from 2 billion U.S. dollars to 4 billion U.S. dollars. A large number of Soviet-made tanks, artillery pieces, mines, rockets and airplanes keep arriving in Kampuchea to help Vietnam with its offensive drive, which is aimed at eliminating the Kampuchean resistance forces in two or three years. Still there has been no basic change in Soviet attitudes toward the Kampuchean problem.

Peace and development are the trends of the 1980s, and the world desires to solve international disputes through the Five Principles of Peaceful Coexistence. Moscow's hope to rely on its economic and military superiority and use its power politics to conquer a weak country directly or indirectly cannot be realized. By so doing, the Soviets have not only met with strong resistance by the weak nation but also come under severe condemnation and opposition from world community, which leaves the Soviets in a more isolated position. The Soviet Union in its six-year intervention of Afghanistan and seven-year support for Vietnam's aggression in Kampuchea, has tasted the same bitter fruit. Events will prove that the scheme, "wipe out the Democratic Kampuchean resistance forces and settle the Kampuchean problem in two or three years," merely represents a daydream.

#### EXPERTS PESSIMISTIC ON RELATIONS WITH U.S.

OW261146 Beijing XINHUA in English 1132 GMT 26 Jan 86

[Text] Moscow, January 25 (XINHUA) -- Some top Soviet international affairs experts today painted a gloomy picture of the possible outcome of the new Soviet disarmament proposal, saying they had never expected the plan would bring about a prompt change in the current state of world affairs. On an international affairs forum on Soviet television this evening, they also doubted the possibility of reaching an agreement on major issues with the Reagan administration.

Soviet leader Mikhail Gorbachev announced ten days ago a three-stage proposal for ridding the world of all nuclear weapons by the year 2000. At the forum, Yevgeniy Primakov, an academician in international affairs, claimed it was expected from the very beginning that there would be a rather negative response from the U.S. Government to the Gorbachev statement. The Soviet leadership "have never counted on the statement as a magic wand to bring about a dramatic change in the situation," nor did they believe it would make the United States adopt a different policy in international politics, Primakov said. He added that there is still a long way to go to attain a normalization of international relations.

Aleksandr Bovin, political commentator for the government newspaper IZVESTIYA, pointed out bluntly that it is possible that Moscow will not be able to reach an agreement on major issues with the Americans "so long as the present administration remains at the White House." Bovin also said he doesn't believe that those Americans in power would agree to a halt to the arms race. Bovin's remarks, however, were described by Primakov as "pessimistic assessments" with which he could not fully agree. The Soviet Union still hopes to attain a certain breakthrough, Primakov argued, though it was very difficult to arrive at an agreement with the present U.S. Administration.

Another commentator, Zorin, observed that Moscow cannot wait because nobody can say for certain that the new American Government after the 1988 U.S. elections would be easier to deal with than the Reagan administration. These comments show that Moscow does not pin much hope on any satisfactory U.S. response to the Soviet disarmament proposal.

#### SHEVARDNADZE DISCUSSES SOVIET-U.S. RELATIONS

OW270239 Beijing XINHUA in English 0221 GMT 27 Jan 86

[Text] Moscow, January 26 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze said that the United States' failure to join Moscow's nuclear test ban will affect superpower relations and this year's planned summit.

In an interview published Sunday by the Mongolian news agency MONTSAME and reported by the Soviet news agency TASS, Shevardnadze said the 90-day-extension of a Soviet moratorium made by Soviet leader Mikhail Gorbachev January 15 offers a solid basis for ending the nuclear impasse. "If the U.S. Administration takes this new opportunity offered to it and stops nuclear weapons tests, this will naturally create a more favorable background for a meeting of the top leaders of the two countries," Shevardnadze said at the end of his visit to Mongolia. "If it does not do so, the atmosphere in our relations will look different, specifically in the aspect of the summit dialogue."

U.S. President Ronald Reagan and Gorbachev are scheduled to meet in a second summit in Washington, either in July or September. Shevardnadze said Moscow expects a "constructive and businesslike stand" on the Gorbachev proposals at the Geneva talks to limit nuclear and space weapons. He stressed the Soviets would like these talks to link nuclear and space weapons and noted that progress can't be made in one field without agreements in the other. Shevardnadze said that so far, "only words and nothing else are heard from the U.S. side. The ball is now in the U.S. court." The Soviet foreign minister left Mongolia January 25 for home.

BEIJING COMMENTARY ON 'TEAM SPIRIT' EXERCISE

SK241106 Beijing International Service in Korean 1100 GMT 22 Jan 86

[Unattributed commentary: "The United States and the South Korean Authorities Lack Sincerity in Alleviating Tension on the Korean Peninsula"]

[Text] The United States and the South Korean authorities announced on 18 January that they will begin the "Team Spirit-86" military exercise on 10 February. It has been learned that this military exercise, in which forces 200,000 strong will be mobilized, will last for 2 months.

The North side of Korea recognized that the United States and the South Korean authorities have aggravated the tense situation on the Korean peninsula by announcing the plan to conduct the large-scale military exercise. Therefore, the North side of Korea could not but announce on 20 January that it would discontinue [chungdan] the North-South economic talks, which were scheduled to be held recently, the preliminary meeting for parliamentary talks, and the Red Cross talks.

In order to alleviate tension on the Korean peninsula and promote an atmosphere favorable to the North-South dialogue, the North side of Korea announced on 11 January this year that, starting from 1 February, it will not conduct large-scale military exercises and will stop all military exercises during the North-South talks. It also proposed that the U.S. Government and the South Korean authorities, responding to this, not conduct military exercises starting from the same day. World public opinion welcomed this just proposal. However, the U.S. Government and the South Korean authorities did not respond.

Because of last year's efforts by the North side of Korea, the situation on the Korean peninsula and North-South relations have improved. Progress was made in various talks between the two sides, and the mutual visit of the art troupes and home-visiting groups of the North and South Red Cross Societies was realized for the first time. On the basis of this, the North side of Korea took a vigorous step forward for alleviating tension and accelerating the dialogue by deciding at the beginning of the new year that, starting from 1 February, it will not conduct large-scale military exercises and will stop all military exercises while the dialogue is being held. This vividly shows that the DPRK Government is making efforts to improve relations between Korea and the United States and relations between the North and South of Korea through dialogue and negotiations. Therefore, the DPRK has reason to demand that the United States and the South Korean authorities positively respond to this. However, the United States and the South Korean authorities, refusing the just proposal of the North side of Korea, decided to conduct a large-scale military exercise. World public opinion cannot but be disappointed over such an act by the United States and the South Korean authorities.

The North and South of Korea, at the beginning of last year, decided to hold the second round of economic talks and the eighth round of Red Cross talks. In the meantime, when the world expected that these talks would bring successes, the United States and the South Korean authorities conducted the "Team Spirit-85" military exercise. Because of this, the talks were inevitably discontinued. People still remember this.

In the meantime, again this year, the United States and the South Korean authorities are making it impossible to hold the three talks as scheduled, as they did last year. While noting that conducting military exercises while holding a dialogue at the same time is incompatible [oullijiannun] and that even if talks were held, no good results would occur, the North side of Korea, which highly values dialogue, said that the United States and the South Korean authorities must take full responsibility for this.

RENMIN RIBAO ON DPRK CRITICISM OF S. KOREA

HK241106 Beijing RENMIN RIBAO in Chinese 23 Jan 86 p 6

[**"Special Dispatch"** by reporters Liu Zhengxue and Feng Zhiyuan: "North Korea Exhorts South Korea Not To Speak in Defense of the Military Exercises"]

[Text] Pyongyang, 22 Jan -- On 21 and 22 January, the heads of the three delegations from the North attending the economic talks, the Red Cross talks, and the preparatory meeting for the parliamentary talks between the North and the South of Korea separately telephoned the chief representatives of the three delegations from the South, pointing out that they should not have spoken in defense of the large-scale military exercises to be held by the United States and the South Korean authorities.

In a joint statement issued on 20 January, the heads of the three North Korean delegations pointed out that, because the planned large-scale military exercises by the United States and South Korea have aggravated tensions on the Korean peninsula, the 6th economic talks, the preparatory meeting for the 3d parliamentary talks, and the 11th formal Red Cross talks between the North and the South scheduled for late January and for February will have to be suspended. After the joint statement was made public, the South Korean chief representatives attending the three talks issued a joint statement on the same day defending the large-scale military exercises between the United States and the South Korean authorities. They stated that "Team Spirit," to be conducted by the United States and South Korea is "training with the objective of defense and a routine annual exercise" and called for the holding of the three talks as scheduled.

The heads of the three North Korean delegations immediately telephoned their southern counterparts, saying that the South Korean authorities are ignoring the North's peace proposals and the aspirations of the people at home and abroad by announcing, shortly before the talks between the North and the South are to be held, that they will conduct large-scale military exercises with the United States, thus "creating serious difficulties" for North-South dialogue. The heads of the three North Korean delegations pointed out that the other party should not have spoken in defense of this serious situation but should "apologize" to all fellow countrymen who look forward to the early holding of the talks. They also reaffirmed the stand of the North: The resumption of the three talks will be decided according to the situation after the U.S.-South Korean joint military exercises.

DPRK DENOUNCES U.S.-S. KOREA MILITARY EXERCISES

OW241312 Beijing XINHUA in English 1254 GMT 24 Jan 86

[Text] Pyongyang, January 24 (XINHUA) -- The Democratic People's Republic of Korea mass media have expressed deep indignation at major joint military exercises involving the United States and South Korea scheduled for February 10. The Korean press and radio and television stations have condemned the massive military exercises, code named "Team Spirit-86", as a threat to peace that worsens the tense situation on the Korean peninsula and disrupts the North-South dialogue.

The Korean newspaper NODONG SINMUN said in a commentary yesterday that the planned large-scale military exercises demonstrate that Washington and Seoul are not eager for a dialogue and do not want regional detente. A joint statement issued Monday by the Korean Red Cross, economic and parliamentary delegations, said that because of the U.S. and South Korean authorities' insistence on holding the military exercises, the North had to postpone the North-South talks until the end of the exercises.

The Committee for the Peaceful Reunification of the Fatherland also rejected the claims of Washington and Seoul that the military exercises were "defensive" and "irrelevant" to the North-South talks as excuses and sophisms. It said that the U.S. and South Korean authorities should frankly acknowledge their mistake in causing the postponement of the North-South talks and be responsible for the consequences of their actions.

At a mass meeting held here yesterday, Kim Hwan, member of the Political Bureau of the Workers' Party of Korea warned that the joint military exercises were "unbearable challenges" to the North's efforts to relax tension through dialogue and consultation and to realize peace and peaceful reunification. He noted that the purpose of the exercises was to maintain the division of the nation and to create "two Koreas." He called on nations of the world to condemn the planned military exercises and support the Korean people's just struggle for the realization of a nuclear-free zone and peace on the Korean peninsula.

Commentaries and statements in the Korean media have emphasized that the North side of Korea opposes military confrontation and that its resolve to improve relations between the North and South to ultimately achieve national reunification remains unchanged. They urged Washington and Seoul to respond to the Korean Government's call by stopping their military maneuvers and by immediately canceling the scheduled joint military exercises.

#### SOVIET UNION, DPRK ISSUE JOINT COMMUNIQUE

OW231910 Beijing XINHUA in English 1858 GMT 23 Jan 86

[Text] Pyongyang, January 23 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) and the Soviet Union said in a joint communique today they are satisfied with the strengthening and advancing of the relations between the two countries and two parties. The joint communique was issued at the end of a five-day official visit to the DPRK by Soviet Foreign Minister Eduard Shevardnadze. It said that the two sides held discussion on bilateral relations and international issues of urgent concern, and had "fully identical views" on all the issues discussed.

The communique, published by the KOREAN CENTRAL NEWS AGENCY (KCNA), said the two ministers' talks marked a great point in strengthening Korean-Soviet friendship. The two sides "feel satisfied" with the results of their talks and agreed to further coordinate their joint actions on the international arena. The Korean side supports the Soviet position at the Geneva summit and the extensive and constructive measures put forward by Warsaw Pact countries. DPRK particularly favors Soviet leader Mikhail Gorbachev's recent proposal to eliminate all nuclear weapons by the end of the century, the communique said. The communique said, the two sides are particularly concerned about the situation in the Far East and Asia as a whole. They strongly condemn the U.S. occupation of the southern part of Korea and the intention of the United States, Japan and the South Korean authorities to form a tripartite military alliance.

The Soviet side voiced support to the efforts of the Korean Workers' Party and the Korean Government to force U.S. troops to withdraw from South Korea with a view to realizing the unification of the country on the basis of peace, democracy and non-interference from outside. The two sides oppose and boycott the attempt of creating "two Koreas" by means of recognizing each other by the two parts of Korea, and "the admission of the North and the South of Korea into the United Nations," the communique stressed.

GROUP CALLS FOR DETENTE ON KOREAN PENINSULA

OW251206 Beijing XINHUA in English 1151 GMT 25 Jan 86

[Text] Paris, January 24 (XINHUA) -- An international organization today made an urgent appeal to all the governments and parliaments, international organizations and the peace-loving forces of the world to make the international peace year of 1986 "a year of detente and peace in the Korea peninsula".

A statement issued by the International Liaison Committee for the Independent and Peaceful Reunification of Korea (Cilreco) here today said the members of the special committee of the non-governmental organization for disarmament consider "very positive" the decision by the Democratic People's Republic of Korea on January 11 to halt military exercises in Korea. The statement denounced the United States and the South Korean authorities for announcing military exercises starting from February in disregard of the DPRK initiative.

SHEVARDNADZE LEAVES MONGOLIA FOR HOME 25 JAN

OW251552 Beijing XINHUA in English 1511 GMT 25 Jan 86

[Text] Ulaanbaatar, January 25 (XINHUA) -- Soviet Foreign Minister Eduard Shevardnadze left here for home today after [words indistinct] official visit to Mongolia, the third (?leg of) his Asia tour. During his visit, Shevardnadze had talks with the chairman of the Presidium of the People's Great Hural of Mongolia, Jambyn Batmonh, and Mongolian Foreign Minister Mangalyn Dugersuren. The Soviet news agency TASS [words indistinct] that the two sides were of the same views on international issues, in particular problems in Asia. The two sides stressed the need to continue broadening and deepening bilateral relations and enhance the efficiency of cooperation in all spheres, TASS added. According to TASS, Shevardnadze also signed with Dugersuren an agreement on simplified procedures of crossing national boundaries by Mongolian and Soviet citizens living in (?border) [words indistinct]. The Soviet Foreign Minister also visited Japan and the Democratic People's Republic of Korea.

JAPANESE MARK ZHOU ENLAI DEATH ANNIVERSARY

OW240816 Beijing XINHUA in English 0727 GMT 24 Jan 86

[Text] Tokyo, January 23 (XINHUA) -- Nearly 150 Japanese personages from various circles in Kitakyushi, Fukuoka, refreshed their memory of the outstanding role which the late Chinese Premier Zhou Enlai had played in promoting Sino-Japanese friendship, at a meeting this evening in commemoration of the 10th anniversary of his death. Gohei Tani, mayor of Kitakyushi, and Zhang Xiangshan, vice chairman of the China-Japan Friendship Association, were present on the occasion.

Speaking at the meeting, Zhang recalled Zhou's contribution to the Chinese-Japanese rapprochement at its different stages, and expressed the hope that the peoples of the two countries would work jointly to maintain their good relations for many generations to come. Tani praised the former Chinese leader for his outstanding role in international affairs and in promoting Japan-China friendship. He said Kitakyushi, which had done much to encourage exchanges between the two nations, would make new contribution to bilateral relations as a tribute to Zhou. Zhou Enlai died on January 8, 1976 at the age of 78.

BEIJING VIETNAMESE ON SRV PAVILION AT TRADE FAIR

OW270011 Beijing in Vietnamese to Vietnam 1400 GMT 23 Jan 86

[Article by Vietnamese 'Patriot' Hong Trung: "Some Impressions of Vietnam's Pavilion at the International Trade Fair"]

[Text] The Asia-Pacific International Trade Fair, with the participation of 26 countries and regions, was organized in Beijing from 15-30 November 1985. During this period, I visited the fair and observed that the majority of countries, including the Soviet Union, China, the United States, Japan, and East Germany, had exhibited many items of goods and industrial products typical of a developed economy and advanced science and technology, highly valued by visitors. Meanwhile, Vietnam displayed only a small number of goods, most of them agricultural products. This clearly reflected Vietnam's poverty and backwardness.

As a Vietnamese, I know the Vietnamese goods displayed at the fair very well. I discovered that the form and quality of products exhibited were poorer than in previous years. The farm products included coffee, millet, black and green beans of various sizes, peanuts [words indistinct]. Only the display of rice was somewhat attractive, because the grains were white and uniformly full-fleshed. At the beginning, I was worried at the sight of baskets of rice displayed there. I was wondering how the Vietnamese people would be able to survive if the Le Duan clique scraped up all the rice available in Vietnam to export to a certain country wanting to buy it, especially when the shortage of rice for local consumption was still prevalent. However, my worries were dispelled when I realized that only a few countries had established trade relations with Vietnam since the Le Duean clique's dispatch of troops to invade Cambodia. Such was the state of agricultural products, while that of industrial products was worse. Vietnamese electric fans displayed were of a hand's size, looked so ugly, and were so noisy that the Hanoi people describe them as toad-like. The poor quality of these power-guzzlers, manufactured by the Thong Nhat Electromechanical Plant in Hanoi, has been much criticized. Their nickname also derives from the fact that they jump up like toads. The traditional goods included rattan articles, bamboo blinds, and lacquerware. But only the lacquerware drew public attention. However, not all visitors knew that the production of this Vietnamese fine-art ware was faced with tragic difficulties, to the extent that it might be suspended for good. Hanoi newspapers have recently complained that the majority of lacquerware craftsmen have given up their occupation. As a result, many cooperatives in localities previously specializing in lacquerware production, have stopped operations or currently exist in name only.

Commenting on the Vietnamese pavilion, visitors said that, while other countries had brought competitive products and sophisticated machines to the trade fair [words indistinct], Vietnam had brought only such products as black beans, illicium verum flowers, cinnamon bark, and even a tiny lock, thus proving that it had nothing else. It seemed that the quality of Vietnamese goods had not improved in 20 years. This was true, and I fully agreed with these visitors. I also realized that any goods exhibited abroad should be worthy of exhibition, and should bear typical features representing the economic, scientific, and technological development of a country. As for the grain, such as millet and green beans, they are not typical products of the 1980's, but existed some hundred years ago. Moreover, in the current starvation situation, these products should be used mainly to relieve the people's hunger instead of being used in goods exchange or trade with other countries.

After leaving the Vietnamese pavilion, I, a Vietnamese, thought that, in face of the current situation, if the Le Duan clique refuses to change its line, put an immediate end to its aggressive war in Cambodia and to its anti-China policy, and concentrate all efforts on economic construction and care for the people's life, the economy, science, and technology of Vietnam will never be able to catch up with those of developed countries.

DK RADIO REPORTS SRV REINFORCING TROOPS

OW250645 Beijing XINHUA in English 0630 GMT 25 Jan 86

[Text] Beijing, January 25 (XINHUA) -- Vietnamese authorities sent 7,900 troop reinforcements to Siem Reap, Pursat, Battambang, and Koh Kong provinces in Kampuchea between mid-December and mid-January, radio Democratic Kampuchea reported today. The radio station said that Vietnamese forces also moved 24-T tanks, eight pieces of 130 mm artillery and a large amount of ammunition and military supplies in to the provinces.

The reinforcements were added to about seven divisions of Vietnamese troops already in the four provinces where Kampuchean patriotic resistance forces have inflicted heavy casualties on the Vietnamese troops. The radio station said the ongoing military buildup demonstrates that Hanoi's claim that it is withdrawing troops from Kampuchea is nothing but a "fraud".

NEARLY 1000 SRV, PRK TROOPS 'DEFECTED LAST MONTH'

OW261013 Beijing XINHUA in English 0704 GMT 26 Jan 86

[Text] Bangkok, January 26 (XINHUA) -- About 800 Heng Samrin troops and 200 Vietnamese troops in Kampuchea defected last month, secretary-general of the National Security Council of Thailand Prasong Sunsiri disclosed recently. The security chief was quoted by the local press as saying that the Kampuchean resistance forces have been stepping up military operations in the inland areas, which forced the Vietnamese to use helicopter gunships in major operations against the resistance. Fighting is fierce in provinces of Oddar Meanchey, Battambang, Siem Reap, Kompong Thom and Kompong Chhnang as well as Phnom Penh City, he added.

The intensified resistance actions and the massive defections of Heng Samrin and Vietnamese troops are two main factors hampering the Vietnamese in launching their dry-season offensive which usually starts from November of the preceding year, Prasong noted. He said that all the three factions of the coalition government of Democratic Kampuchea are engaged in the fighting against the Vietnamese.

Despite the growing difficulties facing the Vietnamese during the current dry-season, Prasong warned, the Vietnamese may mount attacks on Thai territory in a stepped-up border offensive against the resistance next month.

THAI RETURN VIETNAMESE FIRE IN ARTILLERY DUEL

OW251202 Beijing XINHUA in English 1145 GMT 25 Jan 86

[Text] Bangkok, January 25 (XINHUA) -- Vietnamese gunners continued to pound the Thai Marine base at Ban Hat Lek in Khlong Yai District of Trat Province, triggering a fierce duel of artillery and mortar fire this morning, a Thai military informed source reported today. The source said that the Vietnamese shelling began at about 7 a.m. and continued till 10 a.m. The shelling forced the marines to be put on full alert. The source believed that the renewed shelling of the Thai Marine base by Vietnamese troops was to test the firepower of the marines.

A division of Vietnamese troops are deployed at the Banthat mountain range overlooking the Thai Marine base, the source said. Two days ago, Vietnamese gunners fired across the border at the same marine base in east Thailand bordering Kampuchea. Three marines were killed. It was reported that Thai Navy will file a full report to the Foreign Ministry in order to formally protest against the Vietnamese shelling.

3 THAI SOLDIERS KILLED IN 24 JAN BORDER CLASH

OW261023 Beijing XINHUA in English 0701 GMT 26 Jan 86

[Text] Bangkok, January 26 (XINHUA) -- Three Thai infantrymen were killed and three others injured in a border clash with intruding Vietnamese troops in Thailand's north-eastern province of Ubon Ratchathani on January 24, local newspaper BANGKOK POST reported today quoting Thai military sources. The clash was the third between Thai and Vietnamese troops since January 23 in Nam Yun District of the province adjacent to Preach Vihear Province in Kampuchea.

According to the Thai military, Thai troops clashed with a group of Vietnamese soldiers when they found them planting landmines on Thai soil. The fighting lasted about two hours before the intruders retreated back into Kampuchea. Casualties of Vietnamese troops were not available but believed to be high. The death of three Thai infantrymen followed that of three Thai marines on January 23 when Vietnamese gunners pounded a marine base in Khlong Yai district of Trat Province in eastern Thailand.

INDOCHINESE FOREIGN MINSTERS MEETING REPORTED

OW241943 Beijing XINHUA in English 1913 GMT 24 Jan 86

[Text] Hanoi, January 24 (XINHUA) -- Foreign ministers of Vietnam, Laos and the Hanoi-backed Heng Samrin regime in Phnom Penh ended their two-day discussion on Kampuchea today, according to a report from Vientiane. A communique issued at their 12th foreign ministerial meeting in Vientiane, capital of Lao, said that 1990 is still the time set by Vietnam for withdrawing its troops from Kampuchea. The communique, virtually a repetition of Hanoi's position on Kampuchea, offered nothing new in regard to Vietnam's seven-year-old occupation of Kampuchea.

Hanoi has demanded time and again that Thailand stop supporting the Kampuchean resistance forces and "foreign forces" cease "intervening" in Kampuchea. It has also called for a national reconciliation on the basis of eliminating "Khmer Rouge."

The communique stood again for block-block dialogues between ASEAN and "Indochinese countries" and said recent and future contacts between foreign ministers of Vietnam and Indonesia will contribute to the "political solution" to the Kampuchean issue. The communique welcomed Vietnam's and Laos' recent contacts with the United States on Americans missing in action (MIA) during the Vietnam war. It added, however, the foreign ministers feel regret at the U.S. official reluctance to contact delegates from the Vietnam-installed regime in Phnom Penh.

SRV ACCUSED OF OBSTRUCTING REFUGEE REPATRIATION

OW251058 Beijing XINHUA in English 0851 GMT 25 Jan 86

[Text] Bangkok, January 25 (XINHUA) -- A high-ranking Thai security official pointed out that the Vietnamese are the major stumbling block to the repatriation of displaced Kampuchean in Thailand. Prasong Sunsiri, secretary-general of the National Security Council, was commenting yesterday on the joint communique of the "foreign ministers' conference of the three Indochinese nations."

The two-day meeting among Vietnam, Laos and the Heng Samrin regime in Kampuchea, which ended in Vientiane yesterday, declared that the Phnom Penh regime is ready for negotiations on the repatriation of Kampuchean refugees stranded along the Thai-Kampuchean border. It was reported that over 200,000 displaced Kampuchean are living in Thailand because of the seven-year-old war in their country. Thailand accepted them out of humanitarian consideration.

Prasong refused the request by the Vientiane meeting that Thailand move Kampuchean refugee camps farther away from the Kampuchean border. It is the sovereignty of Thailand to decide where a refugee camp should be situated, he said. The Vietnamese, Prasong said, want as many Kampuchean people to leave Kampuchea as possible to facilitate the resettlement of Vietnamese in the country. About 700,000 Vietnamese have so far been resettled in Kampuchea, particularly in Phnom Penh and the areas around Tonle Sap Lake, according to Prasong.

BRITISH MINISTER RENTON VISITS HONG KONG

OW231548 Beijing XINHUA in English 1501 GMT 23 Jan 86

[Text] Shenzhen, January 23 (XINHUA) -- British Minister of State, Foreign and Commonwealth Office Timothy Renton and his party left here for Hong Kong this afternoon. During their six-day tour of China, the guests also visited Beijing, Shanghai and Guangzhou.

Speaks on Future System

OW241727 Beijing XINHUA in English 1448 GMT 24 Jan 86

[Text] Hong Kong, January 24 (XINHUA) -- British Minister of State Timothy Renton reiterated here today the need for "convergence between the system that is evolving in Hong Kong and the system to be laid down in the basic law (for the future special administrative region)"

At a press conference before his departure for Bangkok early this morning, Renton explained that the meaning of the word convergence is "a question of two sides coming together." "We are creating a railway line which will lead us to 1997, and the Chinese will be creating a separate railway line which leads on from 1997. The need is to see that those two railway lines meet together at a crossing point."

According to the Sino-British joint declaration on the future of Hong Kong, which was signed at the end of 1984, the Chinese Government will resume the exercise of sovereignty over Hong Kong with effect from July 1997 and make it a special administrative region with a high degree of autonomy. Renton said that the British government has no "preconception" about the form of constitutional change that should [word indistinct] Hong Kong, "except the extent we stand four squares behind implementing this document." In years ahead, Renton said, there is going to be some management problems when working out the details of the joint declaration. "Only by regular contacts and increased exchange of views at all levels that we can avoid future misunderstandings."

At the beginning of the press conference Renton said that the development of a broader and deeper economic relationship between Britain and China, and the increase in contact and understanding which will go with it, can only be good for Hong Kong. Renton arrived here yesterday after a five-day visit to Beijing and other parts of the Chinese mainland.

EC TO SET UP PERMANENT MISSION IN CHINA

OW250924 Beijing XINHUA in English 0855 GMT 25 Jan 86

[Text] Brussels, January 24 (XINHUA) -- An European Community official said today that EC is on the way to send permanent representatives to China in view of the common desire of EC and China to further develop their bilateral relations.

Willy de Clercq, member of the EC Commission for External Affairs, told a group of Belgian entrepreneurs that this move is favored by European enterprises, small and medium-sized ones in particular. The installation of a permanent mission in Beijing will facilitate the exploration of the vast market in China, he said. Pointing to the good relationship between EC and China, the commissioner said that "there is no divergence of views between China and Europe on major international issues," and that "China firmly supports the European integration process." De Clercq said China, with its one billion population and its ambition to realize modernization, is potentially a huge market. It needs to extensively introduce foreign products and technology, thus providing an opportunity which European enterprises may take advantage of.

He disclosed that this year EC will set aside 935,000 ECU [European currency units] (more than 800,000 U.S. dls) for developing cooperation with China. EC may initiate many technological cooperation projects in China, including sending experts, training managers and providing technology in the fields of metallurgical industry, agriculture and energy. It is also possible to start projects in information and telecommunication. He said all these projects are attractive to European industries. The commissioner also said that EC will financially support European enterprises in undertaking projects in China.

SWEDISH NAVAL VESSEL ARRIVES IN SHANGHAI

OW211907 Beijing XINHUA in English 1837 GMT 21 Jan 86

[Text] Shanghai, January 21 (XINHUA) -- A ship of the Swedish Royal Navy arrived here this afternoon for a five-day visit to China's biggest port city of Shanghai. This is the second training voyage of the Carlskrona, captained by Commander Gustaf af Klint, to China. The first port call was in 1983.

On arrival, the vessel was greeted by 100 Chinese naval officers and men stationed here, who gave the visitors a welcome banquet this evening. The Swedish sailors will visit Chinese naval vessels, a ship building plant and hospitals here.

ZHAO ZIYANG MEETS WITH DUTCH MINISTER OVER PORT

OW251829 Beijing XINHUA in English 1451 GMT 25 Jan 86

[Text] Beijing, January 25 (XINHUA) -- China and the Netherlands will jointly build Nantong Port on the Yangtze River in east China's Jiangsu Province.

At a meeting here with Dutch Minister of Transport and Public Works Neelie Smit-Kroes, Premier Zhao Ziyang expressed the hope that the Nantong Port project would soon be materialized. The port is expected to be constructed with joint funds and jointly run thereafter. The premier said China is willing to cooperate with other countries in port construction in the same way. China also hopes for cooperation with the Netherlands in water conservancy and communications, Zhao said.

Smit-Kroes assured the premier that the Netherlands would try its best to get the Nantong project under way as soon as possible. She also proposed the two countries cooperate in other fields such as communications and ship-building. Smit-Kroes arrived here last Thursday as a guest of the Ministry of Communications.

MISSILE CAPABILITY INCREASED BY SUCCESSFUL TEST

HK250628 Beijing RENMIN RIBAO Overseas Edition in Chinese 25 Jan 86 o 1

[XINHUA report: "Deng Xiaoping Issues Order Commending 29 Meritorious Personnel for Successful Range-Increasing Test of a Certain Underwater Missile"]

[Text] Beijing, 24 Jan (XINHUA) -- Deng Xiaoping, chairman of the Central Military Commission, recently issued orders commending 29 meritorious personnel involved in the range-increasing test of a certain type of guided missile. Jiang Shaohua [3068 4801 5478] and Pei Jingfeng [5952 2529 1496], who were in charge of the test, were awarded citations of merit, first class.

The successful range-increasing test of a certain underwater missile has markedly improved the capability of this missile, increased the number of targets it can hit, expanded the coverage area of the control target [kuoda le kongzhi mubiao de fugai mianji 2368 1129 0055 2235 0455 4158 2871 4104 1788 5556 7240 4480], and increased the flexibility of its firepower application. The test has proved useful experience for modifying and improving existing strategic weapons in the future.

ZHAO, OTHERS MEET DEFENSE INDUSTRY SPECIALISTS

OW250435 Beijing XINHUA Domestic Service in Chinese 1446 GMT 24 Jan 86

[By reporters Li Shangzhi and Zhang Rongdian]

[Text] Beijing, 24 Jan (XINHUA) -- Zhao Ziyang, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier of the State Council, said today that China's defense industry is at a juncture at which it should and can make greater contributions to the country's four modernizations, and at which it is necessary to shift the industry to serving the overall modernization drive.

Party and government leaders Zhao Ziyang, Yang Shangkun, Hu Qili, Li Peng, and Fang Yi met with 20 outstanding specialists from the Ministries of Aeronautics and Ordnance Industry at Huairontang Hall in Zhongnanhai this afternoon to discuss questions concerning gearing the defense industry to the needs of socialist modernization. They asked the specialists to convey cordial greetings to the large number of workers and staff in the defense industry front. During the meeting, Zhao Ziyang spoke on production and on the direction for developing the industry.

The 20 specialists present at the meeting were Lu Xiaopeng, Gu Songfen, Zhou Yaohe, Zhang Qishan, Lu Qingfeng, Cai Yunjin, Yang Yansheng, Liu Xianshi, Zhou Tianxiao, Xu Peilin, Zhu Hesun, Wu Cangpu, Jiang Chengwei, Fu Zhengbo, Chang Shibiao, Qian Shiwen, Wang Yue, Zhao Jiazen, Zhang Jungao, and Wang Xingqiao.

Arriving at the meeting hall, Zhao Ziyang and other leading comrades warmly shook hands and exchanged greetings with the specialists. They also posed for pictures with the specialists from the two ministries separately.

Briefing Comrade Zhao Ziyang on the names and contributions of the specialists, Comrade Hu Qili said: Among the specialists are veteran comrades who returned to China from abroad following the founding of New China, as well as graduates fresh out of college in the early days of the liberation. But most of them were trained in New China. Over the past several decades, they have displayed self-reliance and a hardworking spirit in contributing, together with the large number of workers and staff in the defense industry front, to the development of the industry. They are the unsung heroes who have conscientiously served the people. There are many other such unsung heroes in the defense industry front.

The meeting of Premier Zhao Ziyang and other leading comrades with the specialists on the eve of the Spring Festival was to express gratitude and greetings to the large number of workers and staff members in the defense industry front on behalf of the party Central Committee, the State Council, and the Central Military Commission.

During the meeting Aeronautics Minister Mo Wenxiang and Ordnance Industry Minister Zou Jiahua gave briefings on the work and production of their respective ministries. They also discussed the progress in producing goods for civilian use and future plans. In a warm atmosphere, the specialists offered constructive opinions and suggestions.

Then, Premier Zhao Ziyang spoke. He said: The large number of workers and staff in the defense industry front have made outstanding contributions to our country. Their spirit is commendable. Great progress has been recorded in our defense industry, which has a sound foundation and quality contingent of scientific and technical personnel. Remarkable achievements have also been scored in integrating the defense industry with the production of goods for civilian use. However, it should also be pointed out that the defense industry has not yet made the most use of its potential.

He said: Currently China is engaged in peaceful construction. It is necessary to conform with this trend and, under the premise of ensuring the production of the industry, and effectively guiding the ranks in a planned manner, to gear them to the needs of society and socialist modernization and economic construction. It is necessary to make full use of the advantages in equipment and technology in producing more quality products in demand by society.

Zhao Ziyang emphasized: The defense industry should equip itself with a crack contingent of scientific and technical personnel to tackle difficult assignments, improve quality, and lay the foundation. However, our ultimate goal is to invigorate the enterprises and allow the scientific and technical personnel to exercise their abilities. Currently China's defense industry is at a juncture at which it should and can contribute more to the four modernizations program. More enterprises, workers and staff members, and scientific and technical personnel from the defense industry front should gear to the needs of the modernization drive. Only when a breakthrough is achieved in this aspect can there be a guarantee for the production of the industry itself. Only when the defense industry is geared to serve the overall modernization drive is it possible to facilitate the modernization of our national defense. To further tap the production potentials of defense industry enterprises, it is necessary to transform them into enterprises producing civilian-use goods.

Comrades Li Peng and Fang Yi also spoke at the meeting. Chairman Ding Henggao and Political Commissar Wu Shaozu of the Commission for National Defense Science, Technology, and Industry were also present at the meeting.

#### BEIJING REVIEW RECAPS AIRCRAFT PRODUCTION

OW241713 Beijing XINHUA in English 1604 GMT 24 Jan 86

[Text] Beijing, January 24 (XINHUA) -- China has developed and manufactured more than 10,000 aircraft in the past three decades, according to the latest issue of the weekly magazine, BEIJING REVIEW, which will come off the press next Monday. They include fighters, attack planes, bombers, helicopters, transport planes, reconnaissance planes, trainers, unmanned planes, sea patrol planes and hydroplanes as well as a large number of missiles, the magazine disclosed.

China's aeronautics industry was founded in the early 1950s. Capable of doing only minor repairs in those days, the industry has developed into a full-fledged manufacturer with scientific research, production centers and educational facilities throughout the country. During the Seventh Five-Year Plan period starting this year, the structure of China's aeronautics industry will be readjusted to increase the amount of products for civilian use, said Wang Ang, vice-minister of the industry, in his article carried in the magazine. While turning out a new generation of fighter jets to catch up with world military powers, China intends to make several hundred civilian aircraft, Wang added. The country can now produce five types of transport and special-purpose airplanes, and helicopters, and five types of light and ultra-light planes.

Some 135 such aircraft were turned out in the Sixth Five-Year Plan (1981-1985), including the Yun-7 medium- and short-range passenger planes, Yun-8 medium-sized transports, Yun-11 and Yun-12 multi-purpose aircraft and Zhi-9 light helicopters. Some aircraft, including the Yun-7 and Yun-12, have attracted interest from overseas, and export negotiations are now under way.

However, China is still unable to produce long-distance airplanes due to the shortage of the necessary testing facilities. These planes have to be imported. In next five years China will continue to work with its foreign counterparts to develop new passenger planes, and import advanced technology and equipment to improve its medium-sized passenger planes, said the vice-minister.

China's aeronautical engineers have established bilateral scientific and technological relations with Federal Germany, Sweden, Britain, the United States, France, Italy and Romania. To promote technological exchanges with advanced countries, China is planning to hold an American aero-technology exhibition in Beijing this May, the first of its kind since the founding of the People's Republic.

#### CUTS IN ARMED FORCES 'RUNNING AHEAD OF SCHEDULE'

HK250520 Beijing CHINA DAILY in English 25 Jan 86 p 1

[By staff reporter Liu Dizhong]

[Text] Massive cuts announced last year in the Chinese armed forces are going smoothly, and currently running ahead of schedule. More than 100,000 officers have so far been discharged. And by the end of this month, jobs will have been assigned for nearly 800,000 troops returning to civilian life, including 770,000 compulsory servicemen and 30,000 volunteer soldiers. Meanwhile, about 47,000 aging PLA officers have retired from military service and received a "decent arrangement," costing the state more than one million yuan (\$360 million).

Demobilization is expected to be completed three months ahead of schedule, said a senior official of the Ministry of Civil Affairs. He said this was part of the Ministry's efforts to assist the streamlining of the forces by one million servicemen within two years. The plan was first announced by party General Secretary Hu Yaobang when he visited Australia in April last year. About half of the one million personnel to be discharged will be officers. The streamlining will reduce the nation's armed forces to its lowest numbers in recent decades.

Although a complex task, the resettlement of de-mobbed soldiers was running smoothly, said the official. He attributed this to growth in the nation's economy. He said the prosperity of urban and rural enterprises had made it easy to find new jobs for servicemen. Tremendous efforts had also been made by the forces to train soldiers for new jobs, he said.

At a recent national meeting to exchange experience on resettlement work, Zhou Wenyuan, deputy director of PLA's General Political Department, called for compulsory secondary education for soldiers during the Seventh Five-Year Plan. Those who have received secondary education before recruitment would be encouraged to complete university courses during their service in the army, said Zhou. The goal is for all demobilized soldiers to reach the junior middle school educational level by the end of 1987.

Zhou stressed that both officers and men should be trained in both military and production skills and given a basic knowledge of science, technology and management. In the last few years, more than 120,000 training courses have been set up to teach soldiers civilian skills in transport, agriculture, food processing and other trades. The de-mobilized usually return to their home areas, and are assigned jobs there. But preferential treatment in job placement would be given to those formerly involved in frontier defence and wars or who had performed meritorious service, the Civil Affairs Ministry official said.

#### NAVAL VESSELS RETURN HOME AFTER VISITS

OW190842 Beijing XINHUA in English 0825 GMT 19 Jan 86

[Text] Shanghai, January 19 (XINHUA) -- Two Chinese naval vessels, a destroyer and a supply ship, returned here today after a goodwill visit to Pakistan, Sri Lanka and Bangladesh. This is the first time for Chinese naval vessels to visit foreign countries since the founding of the People's Republic.

Addressing a welcoming rally held at the Wusong Port this morning, Zhang Xusan, deputy commander of the Chinese Navy, said the visit shows that the People's Navy is marching forward along the road of modernization and marks new stage of development in the friendly relations between the people of China and other countries.

Nie Kuiju, commander of the East China Sea Fleet of the Chinese Navy who commanded the two vessels during the visit, described the visit as a success, adding that it had promoted mutual understanding and friendship between the Chinese Navy and the naval forces of the three South Asian countries. Vice-Mayor of Shanghai Ni Tianzeng and diplomatic officials of the three countries in China also attended the rally.

The Chinese vessels left Shanghai on November 16 last year, their visit lasted for 65 days and covered 12,430 nautical miles.

#### FOREIGN TRADE MINISTRY'S LEADING BODY RESHUFFLED

HK250904 Beijing GUOJI SHANGBAO in Chinese 16 Jan 86 p 1

[Report: "New Leading Body of the Ministry of Foreign Economic Relations and Trade"]

[Text] It has been learned from the department concerned that the Ministry of Foreign Economic Relations and Trade has recently reshuffled its leading body. The namelist is as follows:

Minister  
Vice Minister  
Vice Minister  
Assistant Ministers

Zheng Tuobin  
Lu Xuejian  
Wang Pingqiang  
Shen Jueren [3088 6030 0086]  
Zhu Youlan [2612 0645 5695]  
Wang Wendong [3769 2429 2639]  
Lin Zhongming [2651 0022 7686]

The State Council has formally removed Wei Yuning and Jia Shi from their posts as vice ministers of foreign economic relations and trade; Li Ke, Chen Jie, and Wang Pinqiang from their posts as representatives of the minister of foreign economic relations and trade; and Lu Xuzhang, Shi Lin, Cheng Fei, Lei Renmin, and Wang Runsheng from their posts of advisors to the Ministry of Foreign Economic Relations and Trade.

REGULATIONS ON SINO-FOREIGN VENTURES REVISED

Maximum Term Increased

OW240914 Beijing XINHUA in English 0902 GMT 24 Jan 86

[Text] Beijing, January 24 (XINHUA) -- The Chinese State Council has extended the maximum term of most joint ventures with foreigners from 30 to 50 years, effective February 1. According to the new policies, announced today but formulated last week, applications for extensions beyond 50 years will be welcomed from joint ventures:

- Requiring large amounts of investment and long periods for construction.
- Operating on low profit margins.
- Having foreign partners who provide advanced technology or expertise to produce goods that will generate export income.

The new policies revise Article 100 of the 1983 "Regulations for the Implementation of the Law of China on Joint Ventures Using Chinese and Foreign Investment."

Currency Help Detailed

OW241046 Beijing XINHUA in English 1031 GMT 24 Jan 86

[XINHUA headline -- "State To Help Joint Ventures Overcome Currency Problems"]

[Text] Beijing, January 24 (XINHUA) -- Sino-foreign joint ventures which run into foreign currency deficit problems can receive government help under new State Council regulations, it was announced today. The 14-article regulations, which take effect from February 1, are aimed at encouraging more foreign partners to join in ventures by helping them overcome foreign exchange account problems, said a State Council official here. However, the regulations warn that joint ventures which do not fulfill contract requirements on foreign exchange earnings and export production will not receive such help.

The regulations say that joint ventures should aim to produce more for export to earn foreign currency, and should strive to maintain a healthy balance on their foreign exchange accounts. If a joint venture runs into deficit problems, the relevant Chinese department will be empowered to draw on the foreign exchange reserves of all joint ventures under its administration to readjust the deficit.

Some joint ventures will be allowed to sell large quantities of their goods on the Chinese market for long periods. The goods must be in urgent need by domestic buyers, and the foreign investor must have brought in advanced technology to produce sophisticated and internationally-competitive products. In such cases, the ventures' foreign exchange balance will be helped out under national or local foreign currency consumption plans.

Chinese departments with sufficient foreign currency will be able to pay for these ventures' products with it, with the approval of state foreign exchange control departments.

Foreign partners involved in two or more joint ventures in China will be able to pool foreign currency reserves if one runs into a deficit, with the approval of exchange control authorities.

And foreign investors in joint ventures which run up foreign exchange deficits will be encouraged to re-invest their share of Chinese currency earnings in other joint ventures which they consider will earn more foreign exchange.

The regulations also apply to Sino-foreign co-operatively-run enterprises, and joint ventures and co-operative enterprises with partners from Hong Kong, Macao and Taiwan. But they do not apply to joint ventures specializing in finance or insurance, which are run by partners from abroad or Hong Kong, Macao or Taiwan.

XINHUA Commentary

OW241102 Beijing XINHUA in English 1047 GMT 24 Jan 86

[**"Commentary: China Bids To Attract More Foreign Investment" -- XINHUA headline]**

[Text] Beijing, January 24 (XINHUA) -- New State Council regulations concerning Sino-foreign joint ventures, which were published today, are designed to enhance economic co-operation with foreign partners. The regulations offer help to joint ventures which run into foreign exchange deficit problems, and also provide for the extension of the life of such ventures. They involve the use of more foreign funds to enable China to open wider to the rest of the world.

The government has been making efforts to protect the legitimate rights and interests of foreign investors in China by strengthening the law. Over the past few years, China has passed more than 100 economic laws and regulations related to Sino-foreign economic ties. These have played an increasingly greater role in protecting the legitimate rights and interests of the more than 1,800 joint ventures and 3,300 Sino-foreign co-operatively-run enterprises. The new regulations once again display that China's policy of opening to the outside world is a long-term measure. And they demonstrate that China is taking practical measures to guarantee foreign exchange earnings for joint ventures in China.

Foreign currency balance has been a common concern of all foreign investors in joint ventures. The experience of the past few years has shown that as long as foreign partners bring in advanced technology to produce internationally-competitive products, they will make profits. And the longer the duration of their investment -- the greater their profits.

For example, most of the 170 joint ventures and Sino-foreign co-operatively-run enterprises in the Shenzhen Special Economic Zone, Guangdong Province, are making considerable profits. In 1984, their profits totalled 176 million yuan. A very small number of joint ventures in Shenzhen and elsewhere in China have run into foreign exchange problems. But the main reasons have been a depressed world market and the out-dated equipment they invested.

Chinese foreign economic relations and trade officials believe the new regulations will encourage more foreign partners to invest in China, particularly those who are willing to bring in advanced technology to run long-term joint ventures and co-operatively-run enterprises.

MAJORITY OF NEWSPAPERS, MAGAZINES SUBSIDIZED

HK230827 Beijing CHINA DAILY in English 23 Jan 86 p 1

[By staff reporter Wu Jingshu]

[Text] More than half of China's newspapers and magazines have been launched in the last five years. The 1,008 new newspapers, started since 1980 when the country embarked on its nationwide economic reform, account for more than 56 percent of the 1,777 daily, weekly and monthly publications printed in the country.

However, not all of them are doing well financially. Only a quarter of the nation's newspapers, both old and new, are earning a profit or keeping within their budgets. The rest are running at a deficit, relying on subsidies from their sponsors, according to a national survey of newspapers conducted by the Journalism Research Institute under the Chinese Academy of Social Sciences. The survey will be published in the next issue of CHINA JOURNALISM JOURNAL. The results of the survey, disclosed to CHINA DAILY yesterday, show a marked growth in collectively-owned newspapers.

Although their total number accounts for only 2.7 percent -- or only 40 -- of the 1,777 newspapers now in circulation, their sales are going up fast -- reaching a total of 7.18 million last year. Another outstanding feature of these "small papers" is their efficiency. Usually run by just a few experienced professionals with the help of several free-lance writers, these papers are highly competitive and rarely suffer financial losses, the survey shows.

In one case, the SHANXI RURAL ABACUS JOURNAL run by four rural residents, who were its editors, reporters and publishers at the same time, has a circulation of 500,000.

The 13 educational journals published by collectives now have a readership of more than 4 million -- mainly among students and teachers, according to the survey. However, the country's 98 daily and evening newspapers are still the most popular, despite a drop in circulation at the beginning of 1986.

Out of a registered total national newspaper circulation of 207 million copies, PEOPLE'S DAILY still leads with daily sales of 3.68 million a day, followed by REFERENCE INFORMATION -- a tabloid focusing on foreign dispatches -- with 3.57 million copies. The third is CHINA YOUNGSTERS NEWS, a weekly, which now sells a 3.37 million copies. The three popular evening papers -- the GUANGZHOU EVENING NEWS, SHANGHAI EVENING NEWS and Beijing EVENING NEWS -- dropped circulation this year by 10, 4 and 8 percent to 1, 5, 1.33 and 0.74 million respectively, according to the latest subscription register.

#### Survey Detailed

OW231139 Beijing XINHUA in English 0901 GMT 23 Jan 86

[Excerpts] Beijing, January 23 (XINHUA) -- China's economic reforms have led to a big growth in the newspaper industry, according to Beijing press reports today.

Regular sales of national and local newspapers now total more than 202 million copies, according to the survey. Communist Party newspapers above county level now number 368, or more than 20 percent of the total. The number of professional papers is growing quickly. Up to last March, there were 160 devoted to science and technology, 112 to economics, 174 to education and 61 to politics and law.

Among other newspapers, 28 are especially for children, 22 for young people, two for the aged, 26 for workers, 25 for peasants, 11 for returned Overseas Chinese and 361 specialize in business news. In addition, there are 80 papers for ethnic minorities, printed in 13 minority languages.

SHANGHAI PLANT WORKERS OBSERVE DISCIPLINE ABROAD

HK220411 Beijing RENMIN RIBAO in Chinese 18 Jan 86 p 1

[Report: "Shanghai No 27 Radio Plant Group Observes Discipline While Receiving Training Abroad"]

[Text] In line with the needs of technical transformation, the Shanghai No 27 Radio Plant made an investment by importing some important equipment. In accordance with contract stipulations, the plant sent a group to Tokyo and Osaka, Japan at the end of 1984, to be trained in the use of automatic wire-coiling machines.

The group comprised three people: Communist Party member Xu Lugeng, head of the No 1 workshop; Communist Party member Tang Huiqi, head of technical equipment; and an interpreter. During their stay abroad, they consciously observed discipline and declined to accept certain "favors" and "rewards" offered by the supplier, thereby upholding national dignity.

One day, after discussing a matter with the supplier concerning the implementation of the contract, the comrades of the group were prepared to leave Osaka for Tokyo. At noon, a chief from the supplier's factory told them: "We have bought your train tickets for the trip back to Tokyo. You can enjoy a special discount of 10 percent. The tickets can be purchased for only 10,200 yen each. You may claim payment for the full price of 12,000 yen back home and keep the balance as pocket money." The comrades of the group considered this to be wrong and declined.

During their training period at a manufacturing center, members of the group participated in technical training by day and devoted themselves to study and discussion at night. They also had to prepare lessons before class. They often did not sleep until late at night. One day, a responsible person of the manufacturing center said to them: "You study day and night and have no time to go shopping. I can buy each of you a color television set, if you just hand me your pocket money. That will do, and I will make up the balance needed." The comrades of the group politely replied: "Thank you for your concern. We have come here chiefly to learn things. Electronic products have now become common in our country. When we have time later, we will go out to take a look for ourselves." Why were they impervious to the lure of "special favors" and "rewards"?

Communist Party member Xu Liugeng, head of the group, said aptly: Our group was sent abroad by the organization concerned to receive training. We not only felt greatly honored but were also filled with a great sense of responsibility. The attitude adopted toward "special favors" and "rewards" from the other side has a bearing on the motherland's prestige and national dignity. We should impose strict demands on ourselves. In no way must we compromise national dignity and personal integrity.

## Commentator's Article

HK220413 Beijing RENMIN RIBAO in Chinese 18 Jan 86 p 1

[Commentator's article: "Do Not Forget the Cardinal Principles of Moral Integrity While Staying Abroad"]

[Text] In going abroad to study, to conduct surveys, to pursue further studies, and to carry out economic and technical exchanges, the aims are: To learn; to introduce advanced foreign science and technology and management experiences; to increase understanding between the people of our own and other countries; and to stimulate our modernization.

During their stay in Japan to receive technical training, three comrades of the Shanghai No 27 Radio Plant, including Xu Liugen, felt a great sense of responsibility and studied day and night. Before their completion of studies and return home, they declined to accept "special favors" and "rewards" from the other side. Such a way of humbly learning things and strictly observing rules of discipline guiding Chinese workers abroad has won praise from the unit in charge of their training and should be hailed.

In the past few years, our country has sent quite a large number of delegations and groups abroad on business. Most of the comrades have performed quite well while abroad. But some people going abroad on such pretexts as "conducting surveys" and "studying things" have produced scant results, due to their lack of technical expertise and knowledge. A small number of people have even seized the opportunity to sightsee and to reach out for "foreign goods," compromising personal integrity and national dignity. This is a manifestation of unhealthy party style and social practices in exchanges with foreign countries and must be rectified.

People in foreign countries treat our personnel abroad with gifts or rewards, mainly out of friendship. On no account should this be doubted. But there is also no denying that an extremely small number of people have an axe to grind. They are bringing the so-called "art of angling" to bear on some of our workers abroad who are greedy for something extra. As a result, contracts that should not be signed are concluded. Things that should not be allowed are promised. Where an individual gains something extra, the state suffers a huge loss. Personnel guilty of such a mistake should be dealt with solemnly.

People going abroad should not forget principle. To get something done, we must send people abroad. We must select those who know the ropes and who are the right kind. No unit can act out of sentiment by favoring certain people when choosing travelers abroad and by letting anyone who asserts himself go. Comrades going abroad must observe the rules of discipline guiding Chinese workers abroad and uphold the dignity of the state and the people. The state's money must be spent where it counts most. Our country is still not quite well off. Those people sent abroad at such a high cost to the state should do everything possible to serve it, enhance its image and dedicate acquired skills and knowledge to the cause of modernization. Only in this way are they worthy of the weighty mission with which they are entrusted by the state.

#### GUANGMING RIBAO COMMENTS ON SPIRITUAL CIVILIZATION

HK210924 Beijing GUANGMING RIBAO in Chinese 7 Jan 86 p 1

[Commentator's article: "Persist in Carrying Out Reform, Do a Good Job in Building Spiritual Civilization"]

[Text] Building socialist spiritual civilization is a long-term strategic task. Under the new situation of reforms developing from the rural areas to cities and spreading in a pervasive manner, the problems to be solved are how to correctly understand the role of reform in promoting the construction of spiritual civilization and how to make the construction of spiritual civilization ensure and promote the smooth progress of reforms. Some onesided views exist at present in this regard. For example, some people link reform with uncivilized phenomena such as the unhealthy tendencies inside the party and in the society, holding that they are the result of reforms. Certain units and people that take the lead in reforms have come under some unfair criticism. Some cadres and other people invariably focus on the negative side when the effects of opening up and invigorating the domestic economy are mentioned. These onesided understandings must be clarified in theory, based on the actual conditions.

**Reform Pushes Ahead the Building of Spiritual Civilization, While the Building of Spiritual Civilization Ensures the Smooth Progress of Reform**

The party Central Committee has once again stressed that it is necessary to persist in putting reform in the first place, making reform and construction suit and promote each other. Reform promotes the development of the productive forces and will inevitably bring about a series of changes in economic life, social life, work style, and spiritual state. The most basic thing is to enable people to more correctly master and apply the objective laws governing socialist construction, so that socialist construction, which includes building material civilization and spiritual civilization, may better express the developmental laws of social history in conformity with the Marxist theories on knowledge and historical materialism and the objective realities of China. Therefore, reform has blazed new trails for building the material civilization and the spiritual civilization. Without the spirit of reform, we will fail to do a good job in building spiritual civilization. This is one important point.

Another point is that the construction of socialist spiritual civilization is capable of promoting the whole society to shape a civilized, healthy, and scientific lifestyle which suits the requirements of the development of the modern productive forces and will invigorate a positive, progressive, and motivated spiritual state. It is capable of cultivating and upgrading the spiritual and cultural qualities of the people, bringing up one generation after another of new socialist people who have lofty ideals, morality, knowledge, and discipline. Therefore the construction of socialist spiritual civilization is a tremendous motivating force for pushing ahead reform, as well as a reliable guarantee for resisting the corruption of decadent bourgeois ideas and the revival of decaying feudal ideas and making reform develop smoothly along the direction of socialism.

The construction of socialist spiritual civilization includes both ideological and cultural construction. Reform includes opening up to the outside world and invigorating the domestic economy. Opening up to the outside world refers to not only developing foreign economic ties, importing advanced technology, and studying scientific management, but also ideological and cultural exchanges. The latter enable people to broaden their horizons, to absorb worthwhile things, to be enlightened, and to have something to borrow from and to refer to. Therefore, opening up to the outside world is helpful not only to building the materialist civilization, but also to building the spiritual civilization. Of course, ideological and cultural exchanges will unavoidably bring some decadent and backward things, creating some negative effects. One analogy says: When the windows are open, fresh air comes in, as well as mosquitoes and flies. That means that there are advantages and disadvantages. First, we can see after checking that opening up to the outside world has more advantages than disadvantages. Second, some of our existing negative factors and decadent phenomena have nothing to do with opening up to the outside world. Some of them have existed for a long time, even since ancient times. Third, regarding negative and decadent things, we have full power to resist them, and we can limit their influence to the minimum. The key lies in keeping our heads sober. We should be neither careless nor panic-stricken, and we should not refrain from doing necessary things for fear of a slight risk.

In regard to invigorating the domestic economy, the reform of the economic structure going on at present aims to set up a socialist economic system with Chinese characteristics, full of vigor and vitality, which will promote the development of the productive forces. Such a socialist economic structure full of vigor and vitality is different from the rigid pattern of the past and is basically different from capitalism. Such reform will powerfully push forward the development of the materialist civilization and the construction of socialist spiritual civilization.

The role of reform in pushing forward cultural construction is obvious. For example, because of the development of a commodity economy and the growth in the role of the market, many enterprises have attached attention to technical transformation and improving management and operations, and have begun to attach attention to the development of knowledge and the employment of qualified people.

With the breakup of the malpractice of "eating from the same big pot," the workers and staff members have displayed great enthusiasm in studying technology, science, and culture. Studying has become a trend among young people in particular. The atmosphere of showing respect for knowledge and talented people has strengthened, which promotes the development of science, education, and culture. All this is easy to understand. Then how does reform push ideological construction forward? Building a socialist economic structure with Chinese characteristics full of vigor and vitality is a complicated social practice without precedent in China, and we should not copy books and foreign patterns. A solution is to be found through continuous exploration in practice. This requires theoretical workers to delve deep into the realities of life, sum up experiences, and seek new answers suited to the national conditions of China, thus enriching and developing Marxist theory.

Second, reform is the inevitable road leading to the realization of communist ideals. Only when a good job is done in reform will it be possible to develop the social productive forces, to make our country powerful and our people prosperous, and to bring the advantages of socialism into full play, thus making those people who have communist ideals more resolute and causing more people to adopt communist ideals. Third, reform will ensure in a down-to-earth way the status of the laboring people as masters of the country in all kinds of systems, while closely linking their labor with their own material interests. In this way, their enthusiasm, wisdom, and initiative will be brought into full play. The sluggishness and slackness and the mental state of neglecting the collective and public undertakings which resulted from "eating from the same big pot" in the past will be changed. They will show greater concern for the interests of the state and the enterprise and strengthen the spirit of collectivism, which also means upgrading the standard of morality.

Fourth, reform is a profound change of a revolutionary nature which will inevitably bring about important changes in people's way of thinking, promote people to further emancipate their minds, and change those rigid ideological patterns which have limited people's ideological development, thus making people's minds unprecedentedly active. In the course of reform, new things emerge one after another, powerfully lashing at those conventional forces satisfied with the status quo, complacent and conservative, afraid of change, and in a rut, as well as at those outmoded concepts and old traditions which are out of step with the development of the productive forces and social progress. They are like spring breezes blowing over the vast land of the motherland, stepping up the germination and growth of the new concepts of value, right and wrong, honor and disgrace, and morality, and the progress of the modernization of people's ideas and concepts. On this course, the scientific Marxist world outlook and way of thinking as the quintessence of the spirit of our times will display its vitality and vigor.

Of course, the construction of socialist spiritual civilization is a tremendous systematic project consisting of many factors. We say reform is the motivating force of spiritual civilization, but this does not mean to say it is the sole motivating force. Regarding the construction of spiritual civilization itself, much work remains to be done. This also does not mean to say that when a good job is done in reform, a good job will naturally be done regarding spiritual civilization. When we talk about the role of promoting spiritual civilization regarding reform, it is obvious in some respects but not quite as readily in others. Therefore, it has not caught people's full attention. With the deepening of reform, such a promotional role will certainly be expressed more and more markedly.

The Cause and Effect Relationship Does Not Exist Between Reform and Unhealthy Tendencies; the Correction of Unhealthy Tendencies Depends on the Smooth Progress of Reform

With the all-round implementation of reform since 1984, some problems have emerged about which everyone is talking. Regarding those problems, we must conduct specific analyses. Generally speaking, these problems fall into the following categories: 1) conduct in violation of the law; 2) phenomena of discipline violations; 3) unhealthy tendencies inside the party and in the society; and 4) deviations and mistakes in reforms. Within these four categories, the degree of their seriousness differs and their natures are different. They should not be regarded as the same, and their solutions should also be different.

In his speech delivered at the national conference of party delegates, Comrade Deng Xiaoping pointed out that we must first concentrate on bringing about a fundamental improvement in party conduct and in general social conduct concerning the construction of spiritual civilization. Based on this requirement, the construction of spiritual civilization should give the correction of unhealthy tendencies inside the party and in the society an important place. This is beyond question and is the urgent demand of the masses. The question now is whether it is necessary to clarify the relationship between unhealthy tendencies and reform. If it is held, as in the case of some comrades, that unhealthy tendencies result from reform, then people will lose their confidence in reform and the momentum of the reform will cool down in order to correct unhealthy tendencies. This is unfavorable to our cause.

Since the all-round implementation of reform in the cities, new unhealthy tendencies have emerged inside the party and the society, such as taking advantage of one's position to enter into commercial activities, speculating and reselling goods for profit, practicing fraud, and seeking money in doing everything. These phenomena have a certain hand-in-hand relationship with reforms. However, not all things with such a relationship are due to cause and effect. Second, regarding their occurrence, unhealthy tendencies have long existed. They are only new forms adopted under the new conditions. Some have taken advantages of reform; others have waved the banner of "reform," passing off sham as genuine. Reform should not be held responsible for this.

As to the real causes for unhealthy tendencies, whether subjective or objective, they should all be found from the remnants of old ideas and old social relations, the old system, and the effects of capitalism. Regarding objective causes, they are chiefly the malpractices while guarding against and eradicating these effects. Because our reform is carried out step by step, some of those malpractices have been corrected, while others have not been in the course of reform. New regulations have been set up, but they are not complete and perfect enough, and remain to be formed in a complete set. Under such circumstances, the malpractices are exposed all the more conspicuously; there are leaks of which unhealthy tendencies take advantage. Therefore, we can see that some unhealthy tendencies are flooding to take advantage of reform but are not caused by reform itself.

In regard to the causes of unhealthy tendencies, those blaming the negative role of the commodity economy are especially conspicuous. It is held that unhealthy tendencies seem to be brought about by the commodity economy. Such a concept has a lengthy history. China has a 2000-year feudal history. The concept of attaching importance to farming and repressing commerce ran through those years and the concept of treating commerce lightly was deep-rooted. Under the influence of "leftist" ideas, the criticism and restriction of commodity production and monetary exchange are well remembered by all. The decision of the 3d Plenary Session of the 12th CPC Central Committee has affirmed that socialist economy is planned commodity economy on the basis of public ownership and has added new contents to the treasurehouse of Marxist theory. But this important concept has not been understood by all people. Some of our comrades are still very worried about the development of socialist commodity production and exchange. When they see the unhealthy tendencies inside the party and in the society, they always link them with commodity economy. Such a mentality of dreading commodity economy derived from the self-sufficient natural economy is precisely the old concept which should be changed in the course of reform.

We might as well explore whether it is the development of commodity economy or the underdevelopment of commodity economy that has brought about unhealthy tendencies. The answer is obviously the latter. In fact, it is precisely the malpractices of the rigid pattern in our economic structure which have curbed the development of productive forces and blocked ease of flow in circulation channels, compelling many commodity producers and managers (including enterprises and individuals) to spend extra money in paving the way for these channels; that is where unhealthy tendencies came in.

Therefore, how can we pin the blame on commodity economy itself? If a good job is done in reform, when relations are eased, commodity economy develops, the circulation channels become unblocked, and exchange becomes normal, will there by any room for these unhealthy tendencies? Taking advantage of one's position to engage in commercial activities is one of the unhealthy tendencies emerging since 1985, and the central authorities have already taken steps to correct it in a big way. However, the harm caused by such an unhealthy tendency does not lie in engaging in commercial activities but in taking advantage of one's position to engage in commercial activities. It is factors outside of the commodity economy which interfere with the normal development of the commodity economy. One of the requirements of the Central Committee on reform is a separation between the functions of the government and enterprises. Taking advantage of one's position to engage in commercial activities means party and government organs or cadres directly running enterprises, doing business and reaping profits in these activities. Is this not precisely counter to reform? Therefore, blaming commodity economy for the rise of unhealthy tendencies does not conform to the actual conditions.

To sum up, in order to correct unhealthy tendencies, we should by no means halt reform. Even less should we beat a retreat. There is no future in doing so. Only by resolutely following the road of reform will our country, our nation, and the magnificent cause of the four modernizations have hope, and only by persisting in reform will it be possible to gradually overcome unhealthy tendencies and to accelerate the development of socialist spiritual civilization.

#### RESEARCH REPORT OUTLINES REFORM, OWNERSHIP POLICY

HK210806 Shanghai SHIJIE JINGJI DAOBAO in Chinese 6 Jan 86 p 3

[Report: "Research Report 'China in the Year 2000' Portrays the Orientation of Reform of the Economic Structure and the Trends in Ownership Changes"]

[Text] "China in the Year 2000," a research report completed under the direction of the Technological and Economic Research Center of the State Council, has revealed the future orientation of the reform of China's economic structure and the trends in its ownership changes. The report predicts that the major targets of the reform of the economic structure as a whole will be met in 5 years, that is, by 1990. After that, China's economic structure will do the following:

-- The functions of the government will be separated from those of the enterprises. The state will no longer undertake the overall management of enterprises but will exercise macrocontrol over the operations of enterprises through taxation.

-- The socialist state-owned enterprises will become relatively independent commodity producers and dealers. This means that the enterprises will enjoy various powers such as making arrangements for production, supply, and marketing activities; keeping and budgeting funds they are entitled to retain; appointing, dismissing, employing, or selecting work personnel; and setting the prices of their products within the limits permitted by the state.

-- The principle of distribution according to work will be implemented conscientiously. The wages and bonuses of the workers and staff members will be linked more satisfactorily with the economic results of enterprises so as to fully reflect the principle of more pay for more work and the difference between complicated and simple labor and between strenuous and nonstrenuous labor.

-- The reform of the planning structure will be completed. It is estimated that by 1990 or a little later, mandatory planning will be basically nonexistent, except for just a few products in very short supply and vital to the national economy and the people's livelihood, such as energy and power, and for some economic activities with big gaps between enterprise results and social benefits, such as the manufacture of products which may cause serious pollution. The total targets of guidance planning will be transmitted by the State Planning Commission to various departments for overall economic balancing and management and to enterprises as information and as reference for making policy decisions.

-- The price structure will be rationalized. If smooth progress can be made in the price reform, it is estimated that by 1990 or a little later, with the exception of some public utilities charges and energy prices, the prices of most products will have been floated.

-- The role of finance, banking, and other economic levers will be greatly strengthened. Under the new economic structure wherein market mechanism plays an important role, the state should not only give play to the regulatory role of financial, tax, banking, and other functional institutions, but also establish regulatory centers to apply the economic levers in a comprehensive way. Banks will give play to their role as organizers and regulators of the capital market.

-- The system of running enterprises in a democratic way will be perfected. For a fairly long transitional period, the directors or managers of enterprises will still be appointed by administrative bodies at a higher level. It is estimated that in the later stage of the reform of the economic structure, a transition to the election system from the system of integrating opinion polls with appointments by the higher authorities will gradually be made regarding the selection of responsible persons of large enterprises. But the election system will probably be practiced in full in small enterprises.

The report holds that with the full-scale launch of reform of the economic structure, focusing on the urban economy, ownership structure in cities and towns will change in the following direction: First, the basic means of production of large and medium-sized key enterprises will still belong to the state but they will also contain a certain factor of ownership by the collectives and individual workers. Of the 1 million state-owned enterprises in our country, only 5,000-6,000 enterprises belong to this category. Second, it is estimated that by the end of this century, the overwhelming majority of small state-owned industrial and commercial enterprises will be owned by the state but run by the workers and staff members either collectively or individually. Third, a number of enterprises unsuitable to be owned by the "big collectives" or the "whole people in a narrow sense" should preserve their characteristics of collective ownership. These collective enterprises will develop tremendously in cities and towns.

The report says that there are as of yet no explicit stipulations on which policies we should adopt toward the country's national capital. It is necessary to study and explore in theoretical terms this question related to ownership structure.

EFFECTS OF COMMODITY PRICING, INCOME VIEWED

HK220925 Beijing Domestic Television Service in Mandarin 1258 GMT 3 Jan 86

[Interview with Xue Muqiao in Hangzhou "recently" on "TV Forum" program by unidentified reporter: "Noted Economist Xue Muqiao Answers Our Reporter's Questions Concerning Commodity Prices"]

[Text] [Begin recording] [Reporter] Revered Comrade Xue, the question of commodity prices affects every household. It is a matter of concern for all people. Over the past few years, prices in our country have risen markedly. Therefore, people worry about the rise in prices and wonder whether it will affect people's living standards. What is your view on this matter?

[Xue Muqiao] In my opinion, since 1979, commodity prices have really risen. However, due to the fact that people's incomes have risen by a bigger margin as compared with the rise in prices...

[Reporter interposes] Comrade Xue Muqiao said: In my opinion, since 1979, commodity prices have really risen. However, due to the fact that people's incomes have risen by a bigger margin as compared with the rise in prices, the people's living standards have really been improved. In order to enable our people to live a stable life, we hope to keep prices stable. However, price stability does not mean a price freeze. Our pricing policy must not concentrate on seeking price stability alone. The more important thing is to promote the development of production. In order to promote the development of production, prices of various kinds of commodities were slightly raised. If prices were not raised, the development of production could not be promoted and there was no way to satisfy [words indistinct]. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has gradually readjusted commodity prices for the sake of regulating economic relations and speeding up the construction pace of our national economy, and particularly for the sake of quickening the pace of the development of agricultural production. Over the past few years, the prices for agricultural products have been raised by a large margin, thus spurring faster growth in agricultural production. People in both the urban and rural areas are pleased with the rapid development of agricultural production. As regards higher purchasing prices for agricultural products, there are two different kinds of reactions: Peasants are very happy about the higher prices while the great majority of city residents are against the higher prices. This is because peasants are producers of agricultural products and city residents are consumers of such products. In regard to the question of prices, the interests of producers and the interests of consumers always become conflicting interests. In 1979, in order to realize rapid development of agricultural production, prices for agricultural products were raised to a greater extent. While the purchasing price for food grain was raised, the selling price remained unchanged. To offset the price increases of eight major types of nonstaple foods, 5 yuan were added to the wages of every worker and staff. From 1979 to 1980, production output of food grain, cotton, and all kinds of nonstaple foods increased rapidly; the supply of pork, chicken and eggs exceeded demand, and restrictions on the supply were lifted. With the increase in peasants' incomes and in agricultural production, there was an improvement in peasants' living standards, and with the ample supply of nonstaple foods, there was a marked improvement in city residents' living standards. With the increased supply of such nonstaple foods as meat, fishes, poultry and eggs, people are no longer satisfied with a sufficiency in food, and are beginning to seek improvement in the quality of the food they eat. Of course, the 5-yuan subsidy for price increases was calculated to enable recipients to maintain their original standards of living. Owing to such recipients' increased consumption of nonstaple foods, and owing to an improvement in the quality of the food they eat, their increased food spending exceeded 5 yuan. Therefore, many people are still dissatisfied with the rise in nonstaple food prices. We should not lose sight of the fact that over the past few years, there have been rapid increases in wages, including bonuses.

Wage growth is far higher than that of commodity prices. As a result, people's living standards have markedly improved. They eat better food and wear better clothing. There has also been a rapid growth in the purchase of high-grade consumer durable goods such as color TV sets. At the same time the total volume of bank savings deposits by both urban and rural people has increased to a great extent by a large margin annually. The living standards of our people have evidently been raised in the course of price readjustment. The following statistics throw a lot of light on the matter. In the 6 years from 1978 to 1984, the general market retail price index increased by 17.7 percent. Among these, food achieved the highest increase. The retail index of food prices rose by 26.9 percent during the period 1978-84.

This figure only includes state-operated market quotations. However, during the period 1978-84, purchasing prices for farm and sideline products rose by 53.6 percent. Owing to the fact that purchasing prices for grain and edible oil were raised and their selling prices were not, the growth in the purchasing prices is higher than the growth in the selling prices. The losses incurred in the imbalance of purchasing prices and selling prices are subsidized by the state. In the 6 years from 1978 to 1984, the per capita consumption level of urban and rural people rose by 86.9 percent. Allowing for the factor of price increases, the real consumption level rose by 57.7 percent. During the period 1978-84, per capita income of peasants rose by 165 percent. Allowing for the price increase factor, the real per capita income of peasants rose by 144 percent. From 1978 to 1984, the average wage of workers and staff increased by 58.6 percent. Allowing for the price increase factor, the real average wages of workers and staff increased by 32.3 percent. The following are figures about the per capita material consumption level of urban and rural residents in the period 1978-84: Grain rose from 391 jin in 1978 to 503 jin in 1984, an increase of 28.6 percent; edible vegetable oil from 3.2 jin to 9.4 jin, an increase of nearly 200 percent; and pork from 15.3 jin to 26 jin, an increase of 70 percent. In the period 1978-84, the peasants' consumption of edible vegetable oil and particularly their consumption of grain increased at a faster rate than those of workers and staff. There are more figures about per capita material consumption level of urban and rural people during the period 1978-84: cloths and fabrics of all kinds that are used for making clothes rose from 24.1 chi in 1979 to 32.5 chi in 1984, an increase of 35 percent; and money spent on articles of everyday use rose from 28.8 yuan to 67 yuan, an increase of 132.6 percent. Let me give more concrete illustrations: the number of bicycles owned by each 100 people rose from 7.7 bicycles to 18.8 bicycles, an increase of 144 percent; the number of TV sets owned by each 100 people rose from 0.4 to 4.6, an increase of a little over 15 times; and the number of radios owned by each 100 people rose from 7.8 to 21.6, an increase of 177 percent. The above statistics comprise both urban and rural statistical figures. In our cities, almost every worker and staff owns a bicycle; more than 90 percent of worker-staff households own TV sets and are beginning to replace their black-and-white TV's with color sets; almost every household owns one to two radios; and many households own cassette tape-recorders, refrigerators, washing machines, and so on. Is it conceivable that these facts cannot prove that the people's living standards have really been enhanced?

[Reporter] Revered Comrade Xue, I think that you should discuss the question of the people's living standards.

[Xue Muqiao] As regards the people's living standards, overall...

[Reporter interposes] Comrade Xue Muqiao said: As regards the people's overall living standards, they have been continuously enhanced, especially over the past few years. However, the living standards of our people have improved in varying degrees. Some people's living standards have been enhanced by a bigger margin due to a large increase in their wages; and some people's living standards have been enhanced by a smaller margin due to a smaller increase in their wages. The living standard of a very small number of people may have dropped.

For example, when commodity prices were raised, pensions for retired workers and staff remained unchanged. As a result, their living standards may have dropped. The state recently paid attention to this problem and issued cost-of-living allowances for pensions. The living standards of those households with a large number of employed people and a small number of dependents can be enhanced at a faster rate. The living standards of those households with a small number of employed people and a large number of dependents can only be enhanced at a slow rate, and they do have difficulties.

[Reporter] Is it true that the extent of improvement in rural living standard is relatively greater?

[Xue Muqiao] It is true. We...

[Reporter interposes] Comrade Xue Muqiao added: Since the 3rd Plenary Session of the 11th CPC Central Committee, we have first improved the peasants' living standards within 6 to 7 years. We have basically solved the problem of food and clothing for 800 million peasants. There is still a small number of rural people who cannot reach the level of having sufficient food and clothing. It is only a very very small number of people.

The great majority of our rural people have surpassed the level of having sufficient food and clothing. In addition to having sufficient food, they want to eat better and wear better clothing. The living standards of urban residents, workers, and staff have also been enhanced. Their living standards have been enhanced by a smaller margin as compared with the improvement in the peasants' living standards. Overall, the living standards of workers and staff are a little bit higher than the peasants'. It is not true to say that the peasants' living standards are generally higher than the living standards of workers and staff. In the past, our enterprises repeatedly raised wages and bonuses. Besides the 800 million peasants, the living standards of our 80 million workers and staff have been enhanced at a relatively fast rate. Due to the fact that bonuses issued by organs and schools are very small and that some organs and schools simply do not issue bonuses, living standards there have been enhanced by a relatively small margin. After the wage readjustment in 1985, the salaries for many people at organs and schools increased by a fairly big margin. Their living standards and the living standards of workers and staff are basically equal. We first solved the biggest problem of feeding and clothing 800 million peasants. We then solved the problem of enhancing the living standards of 80 million workers and staff. Finally, it will be relatively easy to solve the problem concerning our 20 million organ cadres and teachers.

[Reporter] At present, some people deeply cherish the memory of price stability in the sixties. They therefore wonder whether the price and wage levels in the sixties can be restored. In other words, they are saying: I would rather have no pay raise than have price hikes. Do you think that it is impossible to have such circumstances?

[Xue Muqiao] I have also received readers' letters with these kind of questions. If the wage and price levels in the sixties are restored, it will be...

[Reporter interposes] Comrade Xue Muqiao said: I have also received readers' letters with these kind of questions. If the wage and price levels in the sixties are restored, it will be necessary to restore the living standards of the sixties. If the prices of agricultural products in the sixties are restored, the peasants' incomes will be greatly reduced and their enthusiasm for production will also be greatly reduced. Under these circumstances, the wages of urban workers and staff will be reduced, the supply of nonstaple foods for them will be greatly reduced, and the pork quota system of each person being limited to half a jin of pork per month will be restored too.

In those years, only the big cities, namely, Beijing and Shanghai, could allocate and transfer pork from other parts of the country to implement their pork quota system of each person being limited to 1 jin of pork per month. In those days, it was almost impossible to buy fresh fish in the market and only a few (salted) fish were available. At that time, cotton cloth and edible oil and even soap and matches were regarded as fixed-quantity supplies; city residents could only achieve, at the very most, a sufficiency in food and clothing; peasants were burdened with purchase quotas and had great difficulty in achieving a sufficiency in food and clothing; and many peasants did not have enough food to eat nor did they have enough winter clothing.

At present, in addition to wanting a sufficiency in food and clothing, our urban and rural people also pay attention to the nutritive value of the food they eat and want to wear better clothing. I think that the great majority of our urban and rural people do not like the restoration of the living standards of the sixties. From 1979 to 1983, the supply of nonstaple foods became increasingly plentiful while consumer demands grew more quickly. Starting in 1984, the supply gradually fell short of demand. Therefore, in 1985 our country enacted a reform in the system of administering nonstaple food prices and relaxed price controls, thus bringing about relatively more price rises. In order to prevent the living standards of urban residents from falling after the emergence of nonstaple food price hikes, the state issued subsidies for price increases. This reform has enabled 800 million peasants to achieve increases in income through the increase in purchasing prices. They are full of joy and are currently making great efforts to increase production. A considerable number of people among our 200 million urban residents are very disgusted with price increases. They say that due to price increases, the people's living standards have fallen. The supply of nonstaple foods in 1985 has surpassed any previous year's supply, thus bringing about brisk buying and selling. The people's living standards have obviously not fallen but have continued to rise. A person said in his letter to me, when you were the chairman of the commodity prices committee in the early sixties, you were capable of keeping planned prices stable and reducing prices for country fair trade. Why is it that you are now advocating the abandonment of planned prices and the replacement of market quotations by market prices?

The early sixties comprised the difficult 3-year period and came after the 3-year Great Leap Forward. During the difficult period, although prices of planned commodities were stable, there were market price hikes: 1 jin of pork cost 5 yuan, an egg cost 50 fen, and 1 jin of grain cost 1 yuan. At that time, in order to keep prices stable, the state decided that each person was limited to 2 liang of pork per month. As regards cotton cloth, each urban resident was limited to 6 chi per year while each rural resident was limited to 3 chi per year. In those days, we also wanted to raise the price of meat so as to enable urban residents to eat more meat. However, our peasants then did not have enough grain rations for themselves. So, where could they find feed for raising more pigs? Things are different now. Our peasant households have grain to spare and the state can also allocate tens of billions of jin of grain to encourage peasants to promote pig-raising and chicken-raising. Prices may be raised a little in order to increase the supply of such nonstaple foods as meats, fish, poultry, and eggs, and to bring about a marked improvement in the living standards of urban and rural people. The current increases in nonstaple food prices and subsidies for price increases are based on previous consumption levels. The subsidies can fully offset the increases in nonstaple food prices.

However, with the rise in living standards, people eat more nonstaple foods: food quality is better too. Therefore, their expenses have increased. However, with a bigger increase in wages and bonuses, although people's expenses have increased, they still have surplus money to deposit in banks. Our urban and rural residents' savings deposits reached 30.9 billion yuan in 1978 and rose to 114.9 billion yuan in 1984, thus achieving an increase of 200 to 300 percent.

The total volume of bank savings deposits by them in 1984 alone increased by 18.5 billion yuan; there was an even bigger increase in 1985. How can you complain of hardship or suffering when your living standard has been enhanced and when you have surplus money in hand? Some comrades say that the statistics are not correct. They use the price of live fish as an example. They say: The price of live fish has risen to 3 yuan a jin, an increase of 100 percent as compared with the past. Please try to think back. Live fish could hardly be found in markets in 1978. Even during the previous 2 years, it was still quite difficult to buy any live fish in markets. Now, live fish are available every day. Price controls were relaxed earlier in the Guangzhou City market. In 1983, live fish there rose to more than 3 yuan per jin. In 1984, when market supplies in Guangzhou became ample, the price of live fish dropped to less than 3 yuan per jin. The 1984 price of live fish remained unchanged in 1985 in Guangzhou. Some other comrades say that the price of lean pork has risen to more than 2 yuan per jin.

I would like to ask these comrades to think back. In the sixties, people's bellies had very little fat, they therefore vied with one another in buying fat meat. Now, people's bellies have plenty of fat. People who enjoy high living standards do not want fat meat and only want lean meat. As a result, lean meat is expensive, and fat meat is cheap. Does this not show that people's living standards have been markedly enhanced? I have said several times that, fundamentally speaking, the improvement in people's living standards depends not on price stability but on the rate of production development. In the past, many comrades looked upon fixed-quantity supplies, fixed-quota purchases, and price stability as party of the superiority of socialism, saying that people should cherish the memory of the sixties. This is a misunderstanding. Adopting guiding principles on the basis of this kind of misunderstanding means that there will be no increase in the supply of nonstaple foods and that it will be impossible to enhance people's living standards. If we only look after the interests of consumers and do not look after the interests of producers, production cannot be developed; the needs of consumers cannot be satisfied, and people's living standards will remain at the original levels forever.

From the late fifties to the early seventies, we were in such circumstances all along. Starting from 1979, the change in policies has enabled the supply of commodities, and particularly the supply of foods, to increase by a very big margin, thus markedly enhancing people's living standards. Let us contrast the earlier period with the later period and find out exactly which period is good. Is it the earlier period or the later period? The prices of commodities, and mainly the prices of nonstaple foods, have really risen, and people's living standards have really been improved too. This is a correct appraisal which truly reflects the actual situation. Many comrades just demand improvement in their living standards and resolutely oppose the readjustment of commodity prices and particularly oppose the rise in nonstaple food prices. They fail to see that if the nonstaple food prices were not raised, production could not be promoted and the supply of food for people could not be improved.

[Reporter] Then, when production is developed in future, will it be possible that the prices of some commodities may drop? Could you discuss this question?

[Xue Muqiao] In developing production...[Reporter interposes]

[Reporter interposes] Comrade Xue Muqiao said: In developing production, the production cost of some commodities rises and the cost of some others falls. Therefore, prices require constant readjustment. Under normal circumstances, some prices rise and some fall; the fall offsets the rise, and prices basically tend to stabilize. Agricultural products are subject to the restrictions imposed on them by natural conditions. With the increase in agricultural output, production costs rise. In particular, as regards the supply of meat, chicken, and fish, the meat, chicken, and fish supplied by household sideline production units are not sufficient for people's needs.

However, running chicken farms and fish ponds means that we have to use grain to feed chickens and fish. This increases production costs. Among ordinary commodities, some light industrial products are made of agricultural products. Due to the rise in prices of agricultural products, it will not be easy to lower the production cost of such light industrial products.

Let us take cotton cloth as an example. Although there have been quite a few increases in the purchasing price of cotton, the selling price of cotton cloth remained unchanged for 30 years. Originally, cotton cloth was very profitable. Later, it became unprofitable and the state lost money on it. However, the case of chemical fabrics is just the opposite. Chemical fabrics are made of industrial chemicals. The more we produce, the lower our production cost. Therefore, the production cost of chemical fabrics has been continuously falling. Of course, the price should have been continuously reduced. However, in the past, the state depended on the money made from chemical fabrics to make up losses incurred in cotton cloth. Therefore, we dared not raise the price of cotton cloth and dared not reduce the price of chemical fabrics. As a result, the supply of cotton cloth fell short of demand, the system of fixed-quota purchases and fixed-quantity supplies was implemented, and a great quantity of unsalable chemical fabrics was overstocked. Consequently, the production output of chemical fabrics was reduced. In 1983, we were determined to raise the price of cotton cloth a little and to greatly reduce the price of chemical fabrics. As a result, people used less cotton cloth and used more chemical fabrics; restrictions on the supply of cotton cloth were lifted, the sales volume of chemical fabrics greatly increased, and a free hand was given in the development of production. This matter clearly shows that our price readjustment not only can develop production but can also improve people's living standards. The price of one commodity rises and the price of another commodity falls. The fall offsets the rise. Overall, the prices have not risen. To people who have used more chemical fabrics, their own expenses have actually been reduced a little. The prices of those articles of daily use which are made of industrial raw materials may go down. The prices of wristwatches and radios have gone down markedly. Generally speaking, the price of food has risen, the price of clothes has been stable, and the price of the great majority of articles for use [yong pin] has gone down.

[Reporter] What is your estimate of the trend of changes in market prices in our country in 1986?

[Xue Muqiao] I think that in 1986, the supply of nonstaple foods will continue to increase. I estimate prices may no longer be raised again. There will also be an ample supply of other commodities. Prices can be kept stable. I estimate prices can be kept basically stable as long as there are no indiscriminate wage increases or unwarranted issuing of bonuses.

[Reporter] Good. Thank you. [End recording]

#### LEADERS PAY NEW YEAR VISITS TO VARIOUS AREAS

HK230641 Beijing LIAOWANG in Chinese No 2, 13 Jan 86 p 5

[Article by Song Fang and Da Wei: "The Song of Early Spring in Zhongnanhai"]

[Text] On the eve of the 1986 New Year and the first day of the new year, Zhongnanhai in Beijing was unusually quiet. There were no grand receptions or get-togethers.... But from there came the tidings of spring. Quiet Zhongnanhai broadcast a song of early spring that spread to every part of China.

At a time when the new year was being ushered in and people were saying good-bye to the old year, party and state leaders including Hu Yaobang, Zhao Ziyang, Li Xiannian, Peng Zhen, Hu Qili, Li Peng, Hao Jianxiu, and other comrades went separately to various parts of the motherland, spending the new year joyously with workers, peasants, troops, students, intellectuals, cadres at various levels and working personnel fighting on various fronts of modernization.

On the Xisha Islands at the southern end of the motherland, Comrade Hu Yaobang, general secretary of the CPC Central Committee, spent New Years Day with the cadres and troops of PLA units on guard here. At noon the same day, on a remote islet, Comrade Yaobang and some troops sat around a table at the mess hall having lunch together. Here the solemn atmosphere of an inspection by a commander was absent. Like an elder, Comrade Yaobang made small talk with the troops, joking and laughing. Everywhere he went there was banter. Comrade Yaobang said that in the new year, the main task of the Chinese people is to act as one in the construction effort toward socialist modernization. Meanwhile, they should shoulder the sacred task of safeguarding world peace.

Comrade Hu Yaobang was carrying a box of earth from Zhongnanhai, which he deposited on the roots of a newly planted coconut palm on Yongxing Island in Xisha.

On the morning of New Year's Day, Premier Zhao Ziyang arrived at Yangdianzi in Hebei Province to extend new year greetings to the workers of the ore dressing plant of the Capital Iron and Steel Corporation Mining Company. That afternoon, he went to the Tanghsan City Paraplegic Sanatorium to visit crippled people who were victims of the disastrous earthquake in 1976. Before this, Premier Zhao Ziyang made investigations and studies in Tanshan prefecture. In the three counties of Zunhua, Quianxi and Qianan, he emphasized acquainting himself with conditions for restructuring agriculture and the mass effort in mining. He visited peasant families and also looked at the ore dressing plant and the mine face. He noted that the eastern area of Hebei is rich in iron deposits and that there is a great future for the masses in mining. It is a good method which calls for "mass mining, procurement at fixed points, concentration on ore dressing and state involvement in smelting."

State President Li Xiannian and NPC Standing Committee Chairman Peng Zhen separately spent the new year with the masses in Nanjing and Wuxi. On the afternoon of 31 December 1985, Li Xiannian called together with more than 2,000 cadres and people at the Hall of the People in Nanjing and expressed the hope that in the new year everyone would continue their efforts to score still greater achievements. That afternoon NPC Standing Committee Chairman Peng Zhen joined more than 1,000 cadres and people in Wuxi City who attended local new year celebration activities.

On New Year's Eve, Vice Premier Wan Li visited Beijing Normal College to celebrate the festival with teachers and students. Wan Li also saw representatives of the teachers and discussed big plans for the development of teacher education with them. He extended new year greetings to normal college teachers working assiduously in their posts. He said: Normal colleges must in future recruit the best students and turn out the best teachers through the best training. Prior to this, the 1984 class of the Chemistry Department of the Beijing Normal College received a letter from Premier Zhao. In his letter, Premier Zhao warmly extended new year greetings to these future teachers of the people.

Hu Qili and Li Peng, members of the Political Bureau of the CPC Central Committee and of the Secretariat separately went to the Capital Iron and Steel Corporation and the Beijing Oil Pump and Oil Nozzle Factory, to extend new year greetings to workers, technical personnel and cadres who maintained the first line of production during the festival and encourage them to persist in reform, to continue giving full play to the role of workers as a main force, and to score still greater achievements in the new year.

Early on new year's morning, Hao Jianxiu, member of the Secretariat of the CPC Central Committee, who was on a work inspection trip in Shanghai, went with some comrades of the Shanghai Municipal CPC Committee to see well-known model workers Yang Huaiyuan and Zheng Yaqin, noted patriotic democrats, and national red-banner pacesetter Rong Shuren and extend new year greetings to them. She expressed the fervent hope that fine public bus conductress Zheng Yaqin would appreciate the glorious title she had earned and strive to perform new deeds of merit.

At this point, people can easily see why Zhongnanhai was quiet around the New Year. Unlike the usual quiet, this embodies confidence and accumulated strength and is pregnant with hope. This is a good beginning for 1986. Central leading comrades have once again set an example for us. This will surely encourage the whole party to further improve its work style, delve deep into the midst of lower levels, keep in close touch with the masses, and lead the people of the whole country in plunging into the great cause of construction related to the Seventh 5-Year Plan.

#### INDIRECT, DIRECT CONTROL OF ECONOMY ASSESSED

HK210831 Beijing GUANGMING RIBAO in Chinese 11 Jan 86 p 3

[Article by Shen Liren: "A Brief Talk on the Characteristics of Indirect Control"]

[Text] During the period of the Seventh 5-Year Plan, our economic reform calls for combining the further strengthening enterprise vitality with the strengthening of macro-control, and for a gradual shift in emphasis from direct to indirect control, while establishing and perfecting a system of indirect control. This is a major breakthrough as far as the traditional economic system is concerned. It also provides us with features of our own.

Direct control and indirect control are two entirely different methods of economic control. They concern the principles and methods of operation of the whole national economy and run through various economic aspects such as decision-making, motive power, organization, regulation, and so forth. Compared with direct control, indirect control has the following features:

As far as the relations between the state and an enterprise are concerned, indirect control allows the separation of government and enterprise functions and an appropriate separation of power. The power to decide on microeconomic activities is returned to enterprises, so that they may decide on matters of production, operation, transformation and development in line with market conditions and their own conditions.

Where macrocontrol is concerned, indirect control calls for introducing comprehensive guiding plans, with policy, not targets, in control. Through guiding plans, the formation of a macroeconomic environment is aimed at guiding enterprise production, operation and investment.

Regarding the targets of macrocontrol, the main target of indirect control is the behavior of commodities and money in the form of value. Through it, the proportional relations of social reproduction are regulated to achieve a balance in overall social demand and supply and in relevant structure. As to the methods of macrocontrol, indirect control calls chiefly for reliance on economic means and using the law of value and economic levers, including pricing, finance, credit, tax rates, interest rates, exchange rates, and so forth, to shape various economic parameters or signals of regulation in guiding the conduct of enterprises.

As far as the scope of macrocontrol is concerned, indirect control is oriented toward the whole national economy and a control over total turnover and structure.

With regard to the organization of macrocontrol, indirect control is a combination of higher and lower levels and allows a regulating network at various levels. Through the medium of various departments and organizations, relations at higher and lower levels form a whole operating in an open way, with a gradual balance achieved in an organized manner. Concerning the procedure in exercising macrocontrol, indirect control is a two-way control of developments, making it possible to obtain an objective understanding of relevant conditions and readjust policy in practice.

Regarding the effectiveness of macrocontrol over a given period of time, indirect control allows for not having to specify the production and operating activities of individual enterprises, for making strategic choices with foresight, and for concentrating on studying future major problems.

From some features of indirect control we can clearly see that a shift in focus from direct to indirect control is not a partial reform and is a conversion of the pattern of the economic system. This is a main thread running through various aspects of reform. Reform calls for strengthening enterprise vitality and naturally perfecting the market system. This must take place at the same time as the perfection of the indirect control of system. It calls for the strengthening of macrocontrol, which can be achieved only after a shift in focus from direct to indirect control. Of course, an emphasis on direct control does not mean doing away with all means of direct control, including preserving a limited number of guiding plans, necessary supplementary administrative means, and so forth. In the process of converting the pattern of an economic system in a given period of time, two ways of control inevitably coexist. But the important question is how to reduce the scope and degree of direct control on the one hand, and strengthen the capacity for indirect control on the other, allowing a linkup between the two.

DENG LIQUN COMMENDS LATE POLITICAL CADRE'S DEEDS

OW270525 Beijing Domestic Service in Mandarin 1200 GMT 23 Jan 86

[Excerpts] Taking pride in being a competent political cadre and deeming it his personal duty to probe into the law governing political work for the new period, Xiong Yuanqi, former chief of the propaganda section of the instrument and meter plant under the Jianghan Petroleum Administration Bureau, earnestly practiced what he advocated, and dedicated his life and energy to creating a proper image for contemporary basic-level political cadres, according to HUBEI RIBAO. Comrade Xiong Yanqi died of cancer in July 1985, thus ending his political work, in which he always took a sharp interest.

Comrade Deng Liqun, member of the CPC Central Committee Secretariat, spoke highly of Xiong Yuanqi as an example of loyalty for the ranks of ideological and political workers.

JIANGXI OFFICIAL DISCIPLINED FOR ACCEPTING BRIBES

OW260413 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 23 Jan 86

[Excerpt] Zhu Liangfu, member of the party group and deputy director of the Jiangxi Provincial Department of Agriculture, Animal Husbandry and Fishery, and director of the Jiangxi Provincial Bureau of Town and Township Enterprises, was investigated and disciplined for abusing powers, accepting bribes, illegally remitting foreign exchange for a profit, embezzling state and collective property, and seriously violating the party's regulations and discipline. The Jiangxi Provincial CPC Committee recently decided to relieve him of the posts he held within the party, and the Jiangxi Provincial People's Government decided to remove him from the post of deputy director of the Jiangxi Provincial Department of Agriculture, Animal Husbandry and Fishery, and from the post of director of the Jiangxi Provincial Bureau of Town and Township Enterprises.

JIANGXI'S WAN SHAOFEN ATTENDS MEMORIAL SERVICE

OW231311 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 20 Jan 86

[Excerpts] On 11 January Comrade (Yu Lin) died of cerebral hemorrhage, despite all medical treatment. He was 68. He was a celebrated writer, a member of the China Federation of Literary and Art Circles, a member of the Board of Directors of the Chinese Writers Association, a member of the Standing Committee of the Jiangxi Provincial CPPCC Committee, chairman of the provincial Federation of Literary and Art Circles and secretary of the leading party group of this federation, and chairman of the Jiangxi branch of the Chinese Writers Association.

A memorial service for Comrade (Yu Lin) was held this morning in Nanchang. Over 500 people attended the service, including provincial party and government leaders Wan Shofen, Liu Fangren, Xu Qin, (Lu Xiuzhen), (Wang Taihua), Zhao Zengyi, Wang Shufeng, Di Sheng, Wang Zemin, Peng Shengxi, Liu Jianhua, and Lu Liang; veteran Comrades Ma Jikong and Fu Yutian; responsible comrades of various departments of the provincial CPC committees and of various departments and bureaus of the provincial government; as well as friends of Comrade (Yu Lin).

At today's memorial service, (Wang Taihua), member of the Standing Committee of the provincial CPC Committee, and head of the Propaganda Department, said: Comrade (Yu Lin) engaged in revolution for more than 40 years and dedicated his life to literature and art. He contributed to training new literary and art workers, promoting literary and art creation, and organizing and uniting the literary and art working contingent. He was upright, honest, open, and aboveboard, and applied himself to uniting comrades throughout his life. Even in adverse circumstances, he was full of revolutionary optimism. His loyalty to and firm faith in the party and the socialist cause are worthy of our emulation.

ARTICLE VIEWS SHANGHAI'S PROBLEMS IN OPENING UP

HK210801 Shanghai SHIJIE JINGJI DAOBAO in Chinese 6 Jan 86 p 13

[Article by Yan Kuangguo: "Shanghai's Several Problems in the Course of Opening Up to the Outside World"]

[Text] Since the central authorities approved the opening up of 14 coastal cities to the outside world in 1984, Shanghai has made relatively great progress in using foreign funds, importing technology, developing import and export trade, conducting various kinds of economic and technological cooperation with foreign countries, and in other aspects. However, in the course of opening up to the outside world, some new problems have also emerged.

Some of these problems are caused by differences in the national conditions of China and foreign countries, and others are caused by the unsatisfactory investment environment on our side. Now I would like to probe these problems as follows:

1. Both the Chinese and foreign sides are worried about change. Since they are not very clear about our country's policy of opening up to the outside world, some foreign businessmen fear that our major policies may change when the chief leaders of our country pass away. Based on past positive and negative experience, they have said: "The reason Singapore has attracted investments is not just because of its favorable geographical position and satisfactory basic facilities, but chiefly because of its stable political situation." In the past few years, there has been a relatively rapid development in the construction of buildings through Sino-foreign cooperation. An important reason for this is that foreign businessmen can get an earlier return on their investment and reduce their risks in investing.

For lack of a clear understanding of the theory and policy of opening up to the outside world, some comrades with good intentions worry that they may suffer losses or get into trouble if they have contact with foreigners. However, their greatest worry is caused by some unhealthy phenomena emerging in one or two localities where managerial work has not caught up with the situation. Therefore, they worry that some undesirable things will be introduced and society will be contaminated. In short, they are also afraid of change. These comrades with good intentions have not taken an unshakable attitude toward the policy of opening to the outside world and do not see the positive and essential side of the policy.

2. Both the Chinese and foreign sides have their eyes on the opposite side's market. The foreign side has settled on our country's vast market with a population of 1 billion people and spares no effort in trying to get a place in it so that its commodities, capital, and technology have an outlet. However, it often pursues a protectionist trade policy toward our products. In running joint ventures, it tries its best to avoid or reduce its responsibility for exporting the products produced.

On the other hand, in conducting economic and trade activities with foreign countries, we usually adhere to the principle of maintaining a balance in international payments. We not only try to avoid an adverse balance in foreign trade but also encourage joint-ventures to promote sales of their products in the international market to earn more foreign exchange. We only allow in our domestic market those products and advanced technology which are badly needed by our country and which must be imported.

3. The Chinese and foreign sides have different demands on legal regulations. In view of the situation in foreign countries and the requirements of international economic activities, many foreign businessmen hope that our country's laws can be perfected, our legal stipulations can be made specific, and relevant regulations can be made known to foreigners so that both law enforcers and observers can act according to the law.

With the efforts of the past few years, our country has legislated several dozen economic statutes involving foreign countries, but more efforts are needed to make them complete. As far as the promulgated laws, decrees, regulations, and detailed rules are concerned, some stipulations are relatively general and will easily lead to different explanations, some stipulations vary with different localities, projects, ways of investment, and other factors, making them difficult for people to enforce and for foreign businessmen to understand, and others are to be exercised at the discretion of the Chinese side but to be observed by foreigners and consequently, they are unfathomable. Moreover, we were used to acting according to documents and speeches of leaders and we attached importance to policies and not to laws.

This will easily give foreigners the impression that even if there are laws, it is difficult to act according to them.

4. The Chinese and foreign sides have differences in some ways for handling international economic problems. Although some customs, practices, and precedents of international economic and trade activites are not legislated, they are recognized and observed by many countries. However, some of our comrades often ignore international practices, over-stress the principle of taking ourselves as the dominant factor, and try to be smart. As a result, they fail on the verge of success. For example, in discussing the problem of balancing international payments, these comrades will insist that the foreign side has to unilaterally and unconditionally write down, as the first and foremost thing, in a contract the words "responsible for ensuring a balance in international payments." This practice will inevitably affect the import of foreign technology and foreign capital.

5. In implementing policies and adopting measures, we are sometimes too rigid and sometimes too flexible and sometimes many leading departments give instructions at the same time. For example, people were encouraged to use as much foreign exchanges as possible for importing technology at the end of the year before last, but at present, ordinary permits for foreign trade have basically been suspended and consequently, over 70 percent of Chinese-foreign joint venture projects have been postponed or cancelled because of not being able to achieve a foreign exchange balance or even because the Chinese side does not have the portion of investment in renminbi. Another example is guarantees provided by the banks concerned for housing projects to be carried out with the cooperation of foreigners. These guarantees are sometime given to anyone who requests them without exception but sometimes they are given to no one at all.

6. Enterprises involving foreign capital are supervised only in the beginning. Before a project is finalized, all negotiations, approvals, and other things are supervised by relevant foreign trade departments. Once the project is concluded and put into operation, no leading department will help solve problems. Moreover, there are various kinds of external controls and interference. These enterprises do not have sufficient support and are faced with various difficulties and obstacles. For example, the supply of raw materials is not guaranteed. They sometimes have difficulties even in buying materials which are abundant in China. They also have difficulties in getting parts and components they need in China and therefore, they have to import them, thus affecting the balance of foreign exchange.

7. Urban basic facilities and services cannot meet the needs of opening up to the outside world. This problem is particularly serious in Shanghai. The power supply is insufficient, drainage is blocked, roads are jammed with traffic, telecommunications service is poor, loading and unloading of goods at the port are slow, and the housing problem is serious. This is known to all and greatly hampers the progress of opening up to the outside world.

GUANGDONG PARTY PLENARY SESSION CONCLUDES 23 JAN

HK230525 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 23 Jan 86

[Excerpts] The 4-day Fourth Plenary Session of the Fifth Guangdong Provincial CPC Committee concluded this morning. The work of readjusting some of the members of the provincial CPC Committee and the Advisory and Discipline Inspection Commissions has been completed, further embodying the principle of the new taking from the old in these organizations. Eleven members and alternate members of the provincial CPC Committee including Ren Zhongyi and Liang Lingguang, 24 members of the provincial Advisory Commission including Kou Qingyan and Chen Yueping, and 10 members of the provincial Discipline Inspection Commission including Wang Ning and Cheng Li requested to serve no longer as members of these bodies on grounds of old age, ill health, or else to reduce the number of overlapping posts. After discussion and agreement by the Standing Committee of the provincial CPC Committee, these requests were submitted to the session this morning for examination and approval.

The session also elected by secret ballot some new members of these three bodies. The election is to be endorsed by the next conference of party delegates.

The following is the list of old comrades requesting to serve no longer as members or alternate members of the provincial CPC Committee: Ren Zhongyi, Liang Lingguang, Li Jianan, Du Ruizhi, Ding Xiling, Ma Fang, Bai Xiucheng, Liu Zhaolun, Li Fulin, Yang Guoqing, and Zhang Bi.

The following are requesting to serve no longer as members of the provincial Advisory Commission: Kou Qingyan, Chen Yueping, Xiao Huanhui, Yang Kanghua, Ma Lun, Li Xueguang, Zhang Boquan, Lin Keze, (Zhang Xingyan), (Xu Linhan), Wei Nanjin, (Wang Bixing), Fang Hua, (Yan Shangmin), (Bi Di), (Wu Muqi), (He Ming), (He Shiyong), Lin Shulan, Zhou Ming, (Huang Mingde), (Han Tuofu), (Wen Zhouhua), and Liao Wei.

The following are requesting to serve no longer as members of the provincial Discipline Inspection Commission: Wang Ning, Cheng Li, Wang Wenbin, Wen Guangzhi, Li Yan, Song Wenyu, Chen Bin, Hu Yi, Hu Chenxiang, and Liang Ping.

The following are the newly elected members of the provincial CPC Committee, in order of the number of strokes in the surname: Yu Fei, (Wang Ye), (Wang Shouchu), Wen Guangzhi, (Zhu Senlin), Li Hao, Yang Li, (Yang Hong), (Xiao Qigui), (Zhang Xianqi), (Qiu Xianghui), and (Qin Wenjin).

The following are the newly elected alternate members of the provincial CPC Committee, in order of the number of strokes in the surname: (Luo Shengan) and (Huang Huahua).

The following are the newly elected members of the provincial Advisory Commission, in order of the number of strokes in their names: Ding Xiling, Ma Fang, Wang Yaming, Wang Boqun, Che Xuezao, Bai Xiucheng, (Feng Xueyan), Liu Zhaolun, Guan Xiangsheng, (Zun Yi), (Qu Dingkui), (Li Maoxian), Li Fulin, Yang Guoqing, Zhang Hanlin, Zhang Huaming, (Lu Yin), Chen Bin, (Zheng Xi), (Hu Guangen), and (Han Donggu).

The following are the newly elected members of the provincial Discipline Inspection Commission: (Zhu Shuping), (Wu Changfang), (He Dinghuan), (Song Shuzhong), (Zhang Jianchen), (Chen Wenguan), (Kang Leshu), and (Liao Ruizhang).

GUANGXI OFFICIAL URGES ACTION ON UNHEALTHY TRENDS

HK250645 Nanning Guangxi Regional Service in Mandarin 1100 GMT 24 Jan 86

[Excerpts] The Guangxi Regional CPC Committee held a gathering of leading cadres of regional organs this morning to study and implement the spirit of speeches given by

leading central comrades at the central organ cadre gathering, and study the questions of further straightening out party style in the regional organs and striving for a fundamental turn for the better in party style in the whole region.

Regional CPC Committee Deputy Secretary Wei Chunshu presided at the gathering. Secretary Chen Huiguang delivered a mobilization report. He said: We must resolutely implement the central instructions and summon up the greatest resolve to straighten out party style. The regional CPC Committee must set an example in governing the party with strictness. The party members and cadres in the regional organs, especially the leading party-member cadres at and above departmental and bureau level, must take the lead in straightening out party style.

Chen Huiguang said: The region's political and economic situation is good, and the main current of party style is also good. However, the following problems also exist: 1) Some people pursue political liberalism. 2) Some are seriously affected by individualist mentality and have forgotten the party's fundamental program of serving the people wholeheartedly. 3) Some are gravely bureaucratic and have become divorced from the masses and reality. 4) Some stress human feelings and relationships instead of party spirit and principles in employing people and getting things done. 5) Some units are organizationally loose and their discipline is slack. 6) Unhealthy trends in certain units have not been completely curbed, and new unhealthy trends have also emerged. The leading cadres of some units also fail to grasp major and important criminal cases, or else only take ineffective action to deal with them.

Comrade Chen Huiguang pointed out: The reason for the existence of these problems is that, on the one hand, we have failed to have sufficient understanding of and to effectively resist various nonproletarian ideas that have emerged in the party under the new historical conditions amid a peaceful environment. On the other hand, the negative impact of the 10 years of turmoil on the party's ideology and work style has not yet been completely eliminated. In addition, there has been some increase in the corrosion caused in our ranks by decadent capitalist and feudalist thinking while opening up to the world and enlivening the domestic economy.

Comrade Chen Huiguang said: In accordance with the spirit of the speeches of leading central comrades and in light of the current state of party style in the regional organs, the regional CPC Committee has decided to grasp the question of straightening out party style and set examples for the whole region. These organs must now concentrate forces to grasp this work really well and achieve results this year, as an example for the whole region.

He also stressed the following points:

1. Seriously study the documents to unify thinking.
2. Focus on key points and start with the leading organs and cadres.
3. Investigate to the end all major and important criminal cases and deal seriously with them.
4. Strengthen leadership and establish responsibility systems at all levels.
5. Improve organ work style and efficiency.

HUNAN URGES STUDY OF CENTRAL LEADERS' SPEECHES

HK180542 Changsha Hunan Provincial Service in Mandarin 2300 GMT 16 Jan 86

[Text] On 14 January, the provincial CPC Committee and government issued a circular to party committees and governments at all levels, urging them to earnestly study and implement the spirit of the speeches delivered by central leading comrades at the central organ cadres rally, to deepen their understanding, to strengthen their confidence, and to resolutely correct party style.

The circular read: The CPC Central Committee decided to start the correction of party style in the central organs first. This important policy decision and action has set an example for party and government organs throughout the country, and will have a great impact on the style of the whole party. The provincial CPC Committee and government demand that provincial organs set an example for organs at all levels and for the whole province in correcting party style. Party and government organs in the province must grasp the correction of party style level by level. Party and government leadership organs at all levels must set a good example for organs at lower levels and local units in this respect. In particular, leading cadres at all levels must set a good example for all cadres. It is necessary to promptly dismiss and transfer to other positions those leading cadres who have a bad style and refuse to mend their ways after being criticized and educated by others and who are incompetent and fail to exercise effective leadership in correcting malpractices. We must resolutely and continuously correct malpractices. It is necessary to strengthen ideological education, to perfect the system, to enforce discipline, to seriously investigate and deal with important and major cases, and to perfect the system of democratic life within the party. We must continue to grasp the work in a down-to-earth manner so as to greatly improve the work style of organs at all levels.

HUNAN REGULATIONS ON CORRECTING PARTY STYLE

HK180622 Changsha Hunan Provincial Service in Mandarin 1100 GMT 16 Jan 86

[Text] Recently the provincial CPC Committee Standing Committee formulated eight regulations on correcting party style. When announcing the eight regulations, provincial CPC Committee Secretary Mao Zhiyong urged party committees at all levels and comrades inside and outside the party to carry them out. The provincial CPC Committee also demanded that leading organs and cadres at all levels set a good example and correct their own party style first so as to encourage cadres and the masses with their model deeds.

Over the past few days, the provincial CPC Committee Standing Committee members have earnestly studied the spirit of the important speeches delivered by the central leading comrades at the central organ cadres gathering. They have deeply understood that to seriously correct the unhealthy practices of a handful of party-member cadres and leading cadres, such as bureaucraticism, individualism, liberalism, selfish departmentalism, ignorance of the principle of party spirit in employing people and doing things, and lax organization and discipline, the essence is that leading organs and cadres at all levels must set a good example themselves. Provincial CPC Committee Standing Committee members must particularly set a good example in this respect. To make supervision easy, the provincial CPC Committee Standing Committee has formulated eight regulations:

1. When going to work in grass-roots units, they need not be accompanied by local cadres at different levels, need not be greeted and sent off by local cadres and people; must refuse to attend dinner parties; must adhere to the scale for boarding charges; must not buy low-priced goods; and must refuse to accept gifts.
2. They are not allowed to go on sightseeing trips using public funds or make trips overseas without normal purposes.

3. They must be provided with cars in accordance with the relevant regulations stipulated by the CPC Central Committee and State Council on the use of cars by leading cadres. When taking part in collective activities, they should join others in using cars provided in a unified way.
4. They must teach their wives and children to observe discipline and abide by the law. If their wives or children engage in serious malpractices, they must report the cases to party democratic life meetings and must carry out self-criticism if they make mistakes themselves.
5. If their relatives or friends are involved in illegal or criminal cases, the cases should be dealt with by the relevant departments. They are not allowed to interfere in the cases or to connive and shield relatives or friends.
6. Promotion and employment of cadres must be examined by organization departments and approved after collective discussions. Appointment by favoritism should be abandoned. They are not allowed to promise others promotions.
7. They must spend 2 to 3 months in grass-roots units every year to conduct systematic investigations and study, to discover the facts, and to help solve problems there.
8. They must observe discipline in keeping secrets. They are not allowed to talk about party and state secrets in the presence of their wives, children, or other irrelevant persons.

A responsible comrade of the provincial CPC Committee pointed out that to bring about a basic turn for the better in party style throughout the province, the organs of the provincial CPC Committee and government and other provincial organs must first improve their own style and set a good example for the whole province in correcting party style.

#### HUNAN'S MAO ZHIYONG DISCUSSES MILITIA WORK

HK210315 Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Jan 86

[Text] At a conference of prefectoral and city CPC Committee secretaries, the principal responsible comrades of the provincial CPC Committee have listened to reports from the provincial military district on militia and reserve service work in 1985, on the transfer of the Armed Forces departments to the local authorities following the streamlining and reorganization of the PLA units, and on arrangements for militia work in 1986.

Provincial CPC Committee Secretary Mao Zhiyong and Deputy Secretary Liu Fusheng spoke at the meeting. Comrade Liu Fusheng fully affirmed the great role played by the provincial military district, the military subdistricts, and the people's Armed Forces departments in the past 2 years in building the two civilizations while subordinating themselves to the overall national situation, and praised the good experiences of Qidong County in developing and employing dual-purpose talented persons.

Mao Zhiyong put forward hopes regarding militia and reserve service work in 1986. He demanded that the party committees at all levels carry forward the fine tradition of party control of the Armed Forces. The provincial military district, the military subdistricts, and the local party committees should work together to raise militia and reserve service work to a new level.

GUIZHOU VICE GOVERNOR SPEAKS ON BIRTH CONTROL

HK211322 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 19 Jan 86

[Text] After listening to a recent work report of the provincial investigation group for birth control, Vice Governor Zhang Yuqin stressed that this year, we must further act in the spirit of relevant documents of the CPC Central Committee and the provincial CPC Committee. We should strengthen propaganda work and the building of service centers at the grass roots. We should provide services to individuals, improve the work method, and strive for winning the first victory in birth control work in the Seventh 5-Year Plan.

In December 1985, the provincial investigation group for birth control organized five small groups for examining the implementation of birth control work in Guiyang City, Lupanshui City, Bijie Prefecture, Qian Dongnan Autonomous Prefecture, and Qian Xian Autonomous Prefecture. The small groups visited 26 cities, counties and special zones; as well as 42 districts, towns, townships, villages, neighborhood offices, factories and mines, where they held more than 26 forums and work report meetings. They also carried out propaganda activities, and extended regards to the localities.

Through investigation, the investigation group held that these counties and cities have done well in birth control work during the Sixth 5-Year Plan. Their achievements are remarkable. Between 1980 and the end of 1984, Guiyang's survival rate for newborn babies was increased from 54.28 percent to 83.19 percent, the rate of having an additional child was decreased from 18.13 percent to 5.1 percent, and the rate of issuing certificates to one-child families was increased from 27.93 percent to 76.6 percent. Between 1 January to November, the city's survival rate for newborn babies was 78.67 percent and its rate of having an additional child was 4.02 percent. It is estimated that by the end of this year, the natural growth rate for the population will be about 7 per thousand.

In the course of investigation, the provincial group found out that the localities set a clear goal, were determined, and adopted correct methods when carrying out the work. Many of them improved their work style and methods when checking the population growth. Therefore, the situation of stability and unity has been constantly consolidated.

XIZANG PARTY LEADERS INSPECT PREFECTURES

HK220543 Lhasa Xizang Regional Service in Mandarin 1130 GMT 20 Jan 86

[Excerpts] According to XIZANG RIBAO, from late December 1985 to early January 1986, in order to implement the principles formulated at the enlarged meeting of the regional CPC Committee Standing Committee on the region's work in a down-to-earth manner and as soon as possible, and in order to turn them into the conscious acts of the people of various nationalities in the region in their endeavors, Wu Jinghua, secretary of the regional CPC Committee, and Raidi, Dangzin, Gyanincain Norbu, deputy secretaries of the regional CPC Committee, made inspection tours to Shannan, Nagqu, Xigaze, and Medog to conduct in-depth investigations despite the winter cold. They promptly discovered and solved problems during the inspection, thus greatly promoting the implementation of the spirit of the enlarged meeting of the regional CPC Committee Standing Committee.

Following the enlarged meeting of the regional CPC Committee Standing Committee in November last year, all prefectural and city CPC committees immediately held various meetings to earnestly study and implement the spirit of the enlarged meeting. In the course of study and implementation, all localities laid particular stress on conducting education in going further in three respects [negating the Cultural Revolution, eliminating leftist ideological influence, and straightening out the ideological line].

They mobilized people to further eliminate leftist ideological influence, to thoroughly negate the Cultural Revolution, and to further straighten out the ideological line in connection with reality. Through the study and implementation, both cadres and masses said that the enlarged meeting of the regional CPC Committee Standing Committee was a good meeting. Provided that we act in accordance with the spirit of the enlarged meeting, Xizang is full of promise.

In this situation, the regional CPC Committee held that as a result of relaying, studying, and implementing the spirit of the enlarged meeting, the cadres and masses' minds are at ease and are in high spirits. The situation is excellent. The crux of our work in the next stage is to firmly grasp the implementation of the spirit of the enlarged meeting. To properly implement the spirit, the regional CPC Committee absolutely cannot be content with giving orders, but must get out of the office and into the grass roots, properly conduct study and investigation, give specific guidance effectively help grass-roots units solve practical problems, and guide the masses to turn their initiative into getting rid of poverty and becoming rich and doing practical things. Motivated by this guiding thinking, the regional CPC Committee decided that secretaries and deputy secretaries in office should go to the grass roots to implement the spirit of the enlarged meeting.

When conducting study and investigation in Shannan Prefecture, regional CPC Committee Secretary Wu Jinghua drove a thousand li to inspect rural areas in four counties. After the masses told him that they felt pressure in the past when the higher authorities requested them to double and quadruple the output value of production, Comrade Wu Jinghua said: We must adhere to the principle of seeking truth from facts and must make practical efforts and do solid work. We must eliminate the practice of seeking undeserved reputation and flourishes. So long as we do our utmost and work hard, go about things steadily and surely, and make people rich, it means our target is attained.

On learning that leftist influence and the erroneous influence of the Cultural Revolution still exist in rural areas, Comrade Wu Jinghua told the cadres in Shannan Prefecture: Judging from the situation in grass-roots units, the decision made at the enlarged meeting of the regional CPC Committee Standing Committee on conducting education in going further in three respects is absolutely correct. No other places in the country are now conducting this kind of education, except for Xizang. This precisely indicates that we have adhered to the principle of doing everything in accordance with Xizang's reality. Therefore, we must properly conduct education in going further in three respects.

In his contacts with rural cadres, Comrade Wu Jinghua deeply felt that it is absolutely necessary to grasp the building of rural grass-roots regimes in the region. He said: In the building of township-and village-level administrative organs, the thousand threads at high levels are pulled by a needle at the lower level. Without establishing and perfecting grass-roots regimes, it will be very difficult for us to carry out our work, let alone lead the masses in getting rich. Therefore, we must do our utmost to properly build regimes at township and village levels so as to guarantee grass-roots work organizationally.

Through conducting study and investigation, Comrade Wu Jinghua obtained a basic idea governing the region's work in this year, namely, the region must be stable this year. Party organizations at all levels and cadres must conduct study and investigation in a down-to-earth manner, firmly grasp the implementation of the spirit of the enlarged meeting, combine subjective desires with objective reality, and implement the spirit in all fields. We must treat this year as an implementation year.

When conducting study and investigation in Nagqu, regional CPC Committee Deputy Secretary Raidi gave up his holiday on New Year's Day and contacted and talked extensively with cadres at county and district levels. He found that quite a few comrades had various ideological worries over the correct guiding idea raised at the enlarged meeting of the regional CPC committee Standing Committee on going further in three respects. After patiently listening to various opinions, Comrade Raidi, in light of the comrades' ideological problems, spoke in simple terms of the importance, necessity, and urgency of conducting education in going further in three respects from the high plane of combining theory with practice.

Comrade Raidi said that the education in going further in three respects not only corresponds with the spirit of the National Conference of Party Delegates, but is an important policy decision and step for implementing the spirit of the three central conferences in accordance with Xizang's reality. Only by properly conducting education in going further in three respects, will we have a firm ideological foundation in uniting, fighting, and attaining a higher target, and will it be possible for us to meet the general requirements and attain the general target in going further in three respects.

When conducting investigation in Xigaze Prefecture, Comrade Dangzin, deputy secretary of the regional CPC Committee, found that some cadres and masses failed to fully understand the defects of being large in size and collective in nature. A handful of areas cannot bear to part with it. He said that the economy in rural and pastoral areas must switch from the supply-type economy to the operation-type economy as soon as possible and a benign economic cycle must be established. It is necessary to thoroughly eliminate the idea of being large in size and collective in nature.

In his conversations with some cadres at the county and district level, Comrade Dangzin found that the idea of unitary production is still prevalent. He held that this is a big problem concerning whether the masses can get rich very soon. At a cadre meeting he said that agriculture is the foundation of the national economy, and it is true that grain production should not be relaxed, but sticking to the idea of unitary production will result in a stagnant rural economy. We must use our brains, try every means to give play to our superiorities while avoiding our weaknesses, and develop a diversified economy, including economic crops, animal husbandry, forestry, sideline production, rural handicraft industry, rural building industry, rural transportation, and rural service industry. We must develop a diversified economy to [words indistinct] and develop agricultural production to promote the development of a diversified economy so as to bring about a coordinated development between them. In this way, the rural economy can become prosperous in an all-round way.

During the period, Comrade Gyanincain Norbu, deputy secretary of the regional CPC Committee, led a regional comfort group to Medog County, the only county in the region not serviced by highways, to help residents of various nationalities there solve difficult problems. The people in the border area were greatly inspired.

To sum up the experiences gained by the leading comrades of the regional CPC Committee from their study and investigation in grass-roots units, the regional CPC Committee, the regional People's Congress Standing Committee, and the regional people's government not long ago held a meeting to listen to the reports given by several leading comrades of the regional CPC Committee. They all believed that this kind of study and investigation is good and should be continued in the future.

ZHOU HUI AT NEI MONGGOL MILITARY MEETING

SK230441 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 21 Jan 86

[Text] On 18 January, Zhou Hui, secretary of the autonomous regional CPC Committee, made a speech during his visit to the leading cadres who came from the PLA units at or above the division level and who were attending the enlarged meeting of the party committee under the Nei Monggol Regional Military District.

In his speech, he stated: Having the Army be a vanguard in straightening out party style has great significance and will certainly play a tremendous impetus role in bringing about a fundamental turn for the better in party style throughout the region. Such a role cannot be underestimated. In undertaking construction, we should build the two civilizations simultaneously and give priority first to material civilization and spiritual civilization second. However, the reaction of the spiritual civilization is very great and the more profound connotation of the spiritual civilization is the realm of human thought, such as whether we have firmly fostered the idea of serving the people wholeheartedly, had ideals, taken the whole situation into consideration, stressed morality, and observed discipline.

In his speech, he stated: Achieving a fundamental turn for the better in party style has a vital bearing on building socialism that reflects Chinese characteristics. If some seriously corrosive practices cannot be corrected in a timely manner and are left to spread, we will not be able to make a success in the program of building the four modernizations. Though we have introduced advanced foreign technology while enforcing the open policy in order to enliven the domestic economy, we have also introduced some corrosive things along with the technology, which will affect our comrades who do not have strong wills. For this, we should have sharp vigilance, constantly conduct education among the party members and the masses, and should eliminate the mal-practices in a timely manner.

In his speech, Comrade Zhou Hui stated: In currently conducting reforms in economic systems, we will not be able to fulfill the great cause of reforms without fine party style. He urged the broad masses of commanders and fighters of the regional military district to set examples for the region as a whole and to continuously carry forward the glorious tradition of the party and Army as they did in the past in order to make new contributions to bringing about a fundamental turn for the better in party style.

Accompanying him in the visit to the military district party enlarged meeting was Bu He, deputy secretary of the regional CPC Committee and chairman of the regional people's government. He also urged the broad masses of commanders and fighters of the regional military district to continuously carry forward the glorious PLA tradition of supporting the government and cherishing the people, to help the local units make a success in various work, and to strive to build the autonomous region into a northern border area full of unity, wealth, and culture.

NEI MONGGOL CHAIRMAN ON TAX COLLECTION

SK230547 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 22 Jan 86

[Text] On the afternoon of 20 January, at a regional financial and tax work conference, Bu He, chairman of the region, stressed in his speech that financial and tax departments should strengthen management over the work of increasing revenue, exert great efforts to organize for revenue, abide by policies when spending money, and pay attention to the returns of funds, to economic results, and social benefit.

Comrade Bu He said: In 1985, our region realized a revenue of 1.125 billion yuan, exceeding 1 billion yuan for the first time. This was a great achievement. This showed that since 1985 when the system of cooking with separate stoves was applied to financial work, party and government leading departments at all levels have attached importance to financial and tax work. The masses of grass-roots tax personnel, in particular, have worked in the frontline all year round, and have done a great amount of work. Such good financial achievements of today of our region cannot be separated from the diligent labor of these comrades.

Comrade Bu He pointed out: Recently several evil cases of beating up and inflicting wounds on tax collectors and administration personnel occurred in succession. These cases should be sternly handled according to law. Taxes are the major sources of state revenue. Collecting and paying taxes according to policy stipulations are a glorious responsibility of tax departments at all levels and staff and workers of various nationalities. They should be supported by various fields. However, some units and individuals fail to fully understand the important significance of the state tax policies, and support the work of tax personnel. They evaded taxes to a rather serious extent. We should extensively and thoroughly publicize the state tax policies, and educate the people to actively pay taxes on the basis of developing production and invigorating circulation. This is their obligation to the state's four modernizations. In the meantime, tax collectors and administrative personnel should also enhance their political consciousness and professional competence, and strive to collect taxes in a civilized manner.

Speaking on the arrangements for this year's expenditures, Comrade Bu He said: We should strictly control the increases in the scope of capital construction and in consumption funds. Expenditures should be used in such a way that key areas are guaranteed. We should pay attention to economic results and social benefit when spending money, and make every penny count. In the future, leagues and cities should delegate some financial power to banners and counties in order for them to make better arrangements for production and other undertakings in line with specific local conditions, and open up financial sources to increase revenue.

Comrade Bu He emphasized: Comrades of financial and tax departments should study well the principles and policies concerning urban and rural economic reforms, and resist anything incompatible with policy stipulations so as to improve party style and social conduct and promote the smooth progress of reforms.

#### SHANXI PARTY WORK CONFERENCE OPENS 21 JAN

HK220237 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 21 Jan 86

[Excerpts] A Shanxi Provincial CPC Committee work conference opened in Taiyuan on 21 January. The main agenda of the conference is to further implement the spirit of the National Conference of Party Delegates, and to sum up the province's work in 1985 and make arrangements for this year's work. A total of 588 persons are attending the conference. Comrade Wang Senhao presided on 21 January.

Comrade Li Ligong delivered a report, dealing with three topics: 1) basic evaluation of work in 1985; 2) the basic tasks and focal points in work for 1986; 3) brace spirits, improve work style, and vigorously grasp implementation.

Comrade Li Ligong said: In 1985 the party committees at all levels in the province seriously implemented the spirit of the 3d Plenary Session of the 12th CPC Central Committee and the National Conference of Party Delegates and did a lot of work, scoring great success.

The general guiding principle for work in 1986 is to further mobilize the party organizations and the people throughout the province to focus on reform and straightening out party style, centering on economic construction, which is the key task. We must promote the building of the two civilizations in an all-round way and ensure that our socialist modernization drive can record sustained, steady, and coordinated development in all respects.

Comrade Li Ligong stressed: The reason why we must lay particular stress on implementing this year is that the party's major guidelines have been basically laid down, and the key lies in implementing them and translating them into reality in a thoroughly sound way. We must grasp and solve each issue that arises.

NI ZHIFU ADDRESSES CPC COMMITTEE PLENUM

SK170540 Tianjin TIANJIN RIBAO in Chinese 29 Dec 85 p 1

[Text] The Fourth Tianjin Municipal CPC Committee held its fourth enlarged plenary session from 25 to 28 December, at which participating comrades further studied the documents adopted at the National Conference of Party Delegates, unified their viewpoint on the current situation and tasks, and discussed and adopted the "main points" of municipal committee work in 1986.

On the afternoon of 28 December the session held a plenary meeting presided over by Li Ruihuan, deputy secretary of the municipal CPC Committee. At the meeting, Ni Zhifu, secretary of the municipal CPC Committee, delivered a summation. Qiao Shi, member of the Political Bureau and Secretariat of the CPC Central Committee, on an inspection tour in Tianjin, also delivered a speech.

At the meeting the 57 members and 11 alternate members of the municipal CPC Committee and the principal party-member leading cadres from the units at or above the district-county-bureau level unanimously adopted the "main points" of municipal committee work for 1986.

Also attending the meeting were leading comrades, including Wu Zhen, Tan Shaowen, Nie Bichu, Zhang Zaiwang, Yan Dakai, Zhang Huaisan, Tan Songping, Yang Jingheng, Wang Xudong, Ji Zenghu, He Guomo, Chen Yiyi, Zhang Dinghua, Zheng Guozhong, Bai Hualing, Xing Yanzi, Li Huifen, Zhang Lichang, Hao Tianyi, Wang Peiren, Bai Hua, Li Zhongyuan, Zhao Jun, Liu Zengkun, Xu Ming, Yu Fujing, Shi Jian, Liu Jinfeng, Li Lanqing, Lu Xuezhang, Li Changxing, Mao Changwu, Xiao Yuan, Zhao Jinsheng, Zhou Ru, Yu Songting, Kang Tiejun, Liao Canhui, Zheng Wantong, and Huang Yanzhi. Attending the meeting as observers were veteran comrades including Li Gang, Li Yanwu, Wang Enhui, and Lu Da; and nonparty responsible comrades including Yang Jianbai, Han Tianyao, Yao Jun, Huang Difei, Huang Yusheng, and Yang Tianshou.

During the session, Comrade Li Ruihuan delivered a speech entitled "Close Our Ranks and Strive to Consolidate and Develop the Municipality's Excellent Situation," in which he detailed the discussion material of main work points of 1986. He pointed out: The general guiding ideology running through the main work points supports consolidating and development of excellent situation, which also means that various fronts should exert an all-out effort in further consolidating and developing the political situation of stability and unity. He stated: Efforts should be made to clearly discern the excellent situation, to maintain a trend of actively making progress, to set new targets in order to make a new step in the implementation period of the Seventh 5-Year Plan, to consolidate and popularize the results scored in the transformation drive in order to carefully deal with sensitive questions, to do a good job in building the two civilizations in order to reap bumper harvests in both the material and spiritual aspects, to uphold the target of serving the people wholeheartedly in order to do concrete deeds for the masses in a down-to-earth

manner, to trust and rely on the masses as well as respect the people's position of being the masters of the country and their pioneering spirit, to earnestly do a good job in conducting the party rectification drive in order to improve social morale by improving party style, and to enhance the work of building leading bodies in order to bring into practical play their supportive roles.

The "main points" of the municipal committee work in 1986 comprises the following eight aspects: 1) the situation and major tasks; 2) transformation and the open policy; 3) industrial and agricultural production and tertiary industry; 4) education and science and technology; 5) urban construction and the people's livelihood; 6) spiritual civilization construction and ideological and political work; 7) improvement of party style and the construction of leading bodies; and 8) efforts should be made to unite as one in striving to make new progress in various work. The "main points" points out that during the implementation period of the Sixth 5-Year Plan, our municipality has scored marked achievements in earnestly implementing the central line, principles, and policies and building the socialist modernization. The political situation of stability and unity has become more and more stable, and economic development has begun to enter a period full of exuberant vitality. We possess the favorable foundations for making steady progress and are enjoying a very good situation.

The "main points" points out that the major tasks for 1986 will be to deeply implement the spirit of the National Conference of Party Delegates and to further consolidate and develop the excellent situation. Efforts should be made to persistently regard economic construction as a central task, to readjust structures on the premise of serving the state program of conducting macroeconomic control, and to firmly grasp the two key links of production and construction, such as increasing economic results and the volume of foreign exchanges, in order to maintain an adequately expanding economic rate. On the basis of developing production, efforts should be made to continuously improve the people's livelihood. A good job should be done in conducting party rectification work, straightening our party style, and in giving priority to the programs of conducting ideological and political work and building spiritual civilization in order to provide a powerful political guarantee for conducting reforms and building the four modernizations.

In his summation, Comrade Ni Zhifu pointed out: The enlarged plenary session of the municipal CPC Committee is a meeting full of unity and inspiration. The "main points" of the municipal committee work in 1986 has better embodied the spirit of the National Conference of Party Delegates and of the directives recently issued by the Secretariat of the CPC Central Committee. The arrangements for the work in 1986 should be carried out in line with these main points:

In his speech, Comrade Ni Zhifu put forward the following five suggestions for 1986 work: 1) Efforts should be made to regard from beginning to end economic construction as a central task, although many things must be done, and the work tasks are heavy; 2) a good job should be done in vigorously mapping out the municipal grand plans for the Seventh 5-Year Plan period; 3) the key to improving party style lies in paying true attention to work, and by no means should we hold discussion on work alone; 4) one of the work emphases imposed on party committees at all levels is to enhance the work of building socialist spiritual civilization and conducting ideological and political work; and 5) a good job should be done in continuously readjusting and building the leading bodies that will be the organizational guarantee of making a success of various work.

#### NI ZHIFU AT TIANJIN MEETING ON INDUSTRY

SK231118 Tianjin City Service in Mandarin 0030 GMT 23 Jan 86

[Excerpts] On 22 January, the municipal CPC Committee and the municipal people's government held a meeting to sum up investigations and studies of the three basic links in industry.

Comrade Ni Zhifu, secretary of the municipal CPC Committee, made an important speech at the meeting. Li Ruihuan, deputy secretary of the municipal CPC Committee and mayor of the municipality, presided over the meeting. The first part of this meeting opened on 20 January, while the second part of the meeting was held on 22 January. Present at the second part of this meeting were Ni Zhifu, Li Ruihuan, Wu Zhen, Tan Shaowen, Nie Bichu, and Zhang Zaiwang, as well as responsible comrades of pertinent departments, commissions, offices, and bureaus under the municipal CPC Committee and of some companies, enterprises, universities, colleges, and research units.

Ni Zhifu pointed out: The current investigation into the three basic links in industry has been conducted within the machinery and electronics industrial enterprises. But the result of the investigation should attract the attention of the comrades on the vast economic front of the municipality, and should be used by various trades for reference in some aspects.

Ni Zhifu said: Being an open coastal city, Tianjin plays a pivotal role in linking our country with foreign areas. Confronted with a new situation and new challenges, Tianjin's industry is backward in many aspects. Therefore, it should be a major policy for Tianjin to take advantage of the excellent Seventh 5-Year Plan period, in which the economy will develop steadily and coordinatedly, to actually strengthen the building of the basic links in industry so as to prepare the necessary ground for the upcoming revitalization of industry.

With regard to handling the relationship between the basic and other links in industry, Ni Zhifu offered the following six suggestions: 1) To raise the level of finished products, we must start with improvement in the basic links; 2) in carrying out technical renovation, we should attach importance to strengthening the basic links; 3) in importing and drawing in advanced foreign technologies, we should pay attention to tackling problems in the basic links; 4) in strengthening the construction of the basic links, we should take the road of specialization, cooperation and integration; 5) in developing new industries, we should make breakthroughs in the basic links; and 6) in popularizing modern and scientific management, we must strengthen the work of the basic links.

In conclusion, Ni Zhifu set forth specific policies and measures for strengthening the construction of the basic links in industry.

At the conclusion of yesterday's meeting, Li Ruihuan pointed out: This meeting will play an important role in further developing Tianjin's industry, raising Tianjin's functions, and promoting the progress of Tianjin's modernization drive.

Li Ruihuan said: Fundamentally speaking, the strengthening of the three basic links should not be confined to machinery and electronics industrial enterprises. In fact, we should strengthen the work of all basic links. We must note that at present many units are weak in their basic work. These units have not yet clearly understood their basic situation, paid attention to their basic links, and formed their basic methods. This is a universal situation in the municipality. To effect a fundamental improvement in Tianjin's work, we must pay attention to building these basic links.

Nie Bichu, deputy secretary of the municipal CPC Committee and vice mayor of the municipality, and Yang Jingheng, Standing Committee member of the municipal CPC Committee, also spoke at yesterday's meeting. The meeting continues today.

HEILONGJIANG SECRETARY ON RURAL PARTY RECTIFICATION

SK240129 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 21 Jan 86

[Text] In his speech at the provincial conference on the township-level party rectification on 20 January, Sun Weiben, secretary of the provincial CPC Committee, stated: Efforts should be made to have the leading organs and cadres take the lead in running the party strictly and making a success of building the party.

In his speech, Sun Weiben stated: The Secretariat of the CPC Central Committee recently held a conference of cadres from the central-level organs, at which the central leading comrades delivered important speeches in which they all urged the central leading organs to set examples in straightening out party style throughout the country. The party organizations at all levels, including those that have completed the party rectification work, that are at present conducting the work, and that have not begun the work yet, should organize their party members to earnestly study these speeches. The current striking issue in running the party strictly and enhancing party construction is to straighten out party style that is deeply related to the life and death of the party and that incurs very strong complaints from the masses. Though party style has continuously achieved a turn for the better along with the party rectification drive and through the common efforts exerted by the masses, some serious problems still remain. Of them, some have adversely affected social morale. In his speech at the conference of cadres from the central organs, Comrade Wang Zhaoguo mentioned the six manifestations in the central organs' party style, which generally exist in our province, and which have cropped up in various forms and varying degrees in the organs at all levels. What is especially serious is that some leading organs and cadres have taken the lead in committing some malpractices, such as turning a deaf ear to the central repeated injunctions concerning discipline by sticking to their old ways of doing things, and adopting countermeasures in coping with the policies. Though these malpractices have been committed by a few units and individuals, they can damage party style and the reputation of the party and the country, if they are not corrected, and they can adversely affect the activities of creating a turn for the better in social morale and the economic construction and reform programs.

In straightening out party style, we should currently make a start by implementing the circulars issued by the General Offices of the State Council and the CPC Central Committee. The party organizations and party members at all levels should earnestly study the central directives concerned, examine themselves in line with every provision of the directives, and correct their mistakes in a down-to-earth manner. In conducting this work, we should have a sense of emergency and responsibility and race against time to firmly carry out the work. No one is allowed to adopt an attitude of perfunctorily performing one's duty and paying no heed to the directives on activities to improve party style. It is imperative to refrain from adopting a wait-and-see attitude toward the activities, relying on the higher authorities in dealing with problems, and hankering after gains; and to have all party members and units set examples in carrying out the activities. The main reason for the failures of the past in correcting the malpractices is that we have talked too much and done too little. Therefore, we should first be determined and second continue to correct future malpractices. To be successful in this regard, we should do a good job in grasping the following three tasks:

1. Efforts should be made to have the leading organs and cadres resolutely take the lead in carrying out the activities.

In view of the province as a whole, first of all the provincial level organs and leading cadres should be examples in this regard, take the lead in observing discipline and abiding by the law, and resolutely combat and correct the malpractices. Among the prefectures, cities, and counties, the leading personnel of the prefectural, city, and county party committees should take the lead in carrying out the activities; and compare, examine, and sum up their experience and lessons in line with the six manifestations given by the central circulars, as well as correct their discovered problems, while conducting the activities.

2. Efforts should be made to boldly conduct management, grasp the work, and overcome the knotty difficulties. We should firmly grasp the work of dealing with the malpractices and the cases of violations. As for party members who have committed general mistakes, we should concentrate on conducting ideological education among them. Those who have committed serious problems should be dealt with strictly without sparing their feelings and tolerating their mistakes. As for the major and serious cases, it is imperative for us to examine them by placing them on file. Those who have violated law and discipline, no matter how high and how strong their positions and power may be, must be called to legal account. All Communist Party members should take a clear stance and handle matters impartially to spread justice and to combat malpractices.

3. Efforts should be made to put the work of straightening out party style and examining and dealing with cases on the important schedule of the party committees in order to see to it that the work of examining cases and dealing with them can be done every day in the upcoming several years and to ensure the party's fine work style is continuously carried forward.

In his speech, Sun Weiben stated: The most fundamental task for running the party strictly is to train party members to enhance their sense of party spirit and to continuously upgrade the political quality of party members. Party style is the external indicator of party spirit which is the foundation of party style. If party members become weakened in party spirit, they are liable to forget the party's principles and public duties and commit all malpractices and cases violating the law and discipline. Therefore, the fundamental measure for straightening out party style is to enhance the training on party spirit among party members and also to strengthen the education among them on the party's fundamental objective, on communist ideals, on the relationship among the existing policies, and on the relationship between the leeway created by the policies and the principle of upholding party spirit. Efforts should be also made to conduct education among party members on observing the discipline and abiding by the law, and on the knowledge of science and culture. In addition, current attention should be paid to vigorously improving party life. All leading cadres of the party organizations at all levels cannot perform their duties well without the effective supervision of the party organizations and the mutual support of party members. The key reason we lack vitality in party organizational life at present and strong fighting capacity lies in not truly carrying out formal criticism and self-criticism. Hereafter, all-out efforts should be made to restore the party's fine tradition and to carry out criticism and self-criticism. The party committees at all levels should set examples in this regard for the masses.

In his speech, he urged the party organizations at all levels to further do a good job in separating administrative work from the party affairs in order to enable themselves to exert all-out efforts to engage in self-improvement.

TAIWAN COMPATRIOTS FEDERATION COUNCIL MEETS

OW231035 Beijing XINHUA Domestic Service in Chinese 1432 GMT 19 Jan 86

[By reporter Fan Liquing]

[Excerpt] Beijing, 19 Jan (XINHUA) -- The second meeting of the second council of the All-China Federation of Taiwan Compatriots has decided to continue to publicize, in the new year, the CPC's "one country, two systems" proposal and its various other policies for the peaceful reunification of the motherland. It has also decided to vigorously promote mutual exchanges between the peoples on both sides of the Taiwan Strait, to actively unfold economic exchange work with Taiwan compatriots residing abroad and in Taiwan, and to simultaneously do a good job in the work concerning Taiwan compatriots on the mainland.

The meeting was held in Beijing from 13 to 19 January. A total of 78 council members and concerned cadres from 29 provinces, municipalities, and autonomous regions attended the meeting.

Yan Mingfu, director of the United Front Work Department of the CPC Central Committee; Su Ziheng, chairman of the Council of General Office of the Taiwan Democratic Self-Government League; and Liao Qiuzhong, president of the Taiwan Fellow-Students Association, were invited to give speeches at the meeting.

Lin Liyun, president of the All-China Federation of Taiwan Compatriots, made a report entitled: "A Summation of the Work of the All-China Federation of Taiwan Compatriots in 1985 and the Scheduled Tasks for 1986." The council members held full discussions on the report. In her report, Lin Liyun said: In 1985, the federation, regarding work at home as the foundation and work overseas as the focal point, has striven to play its role as a bridge and created a new situation in the work.

JIANGSU LEADERS AT SOIREE FOR TAIWAN COMPATRIOTS

OW231445 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 22 Jan 86

[Excerpt] On the evening of 22 January, the reception offices for Taiwan compatriots under the Jiangsu Provincial and Nanjing City People's Governments, the provincial and Nanjing City Federations of Taiwan Compatriots, and the Jiangsu People's Broadcasting Station jointly held a soiree at the Great Hall of the People in Nanjing to greet the Spring Festival and extend regards to Taiwan compatriots and their dependents.

Attending the soiree were leaders Jiang Weiqing, Han Peixin, Shen Daren, Gu Xiulian, and Sun Han; responsible persons of concerned dependents of the Nanjing PLA Military Region; some Taiwan compatriots and their dependents in Nanjing; as well as responsible persons of provincial and city political and mass organizations and people of various circles, totaling nearly 3,000 people.

At the soiree, Governor Gu Xiulian made an ebullient speech. She said: The reunification of the motherland and the reunion of our kith and kin is an irresistible historical trend. We deeply believe that this day will surely come. Governor Gu also said that Radio Voice of the Heart [Xin ling zhi sheng] will be inaugurated soon to establish communication between the peoples on both sides of the Taiwan Strait.

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DENG XIAOPING 'CONCERNED' ABOUT RECTIFICATION

HK260052 Hong Kong WEN WEI PO in Chinese 26 Jan 86 p 2

[**"Special Dispatch"** from contributing correspondent: "Deng Xiaoping Concerned About Rectifying Party Style"]

[Text] Shanghai -- According to informed sources here, since the CPC Central Committee convened a meeting attended by 8,000 persons, the work of correcting unhealthy trends has unfolded in an all-round way in the departments, commissions, and offices subordinate to the CPC Central Committee and State Council. A number of organs have temporarily ceased working in the mornings, spending the time instead on rectification. With regard to the major economic crimes involving collusion between upper and lower levels and between inside and outside, the Central Secretariat is determined to regard these as the focal point in the work and to organize forces to investigate and deal with them in a thoroughgoing way. Deng Xiaoping is personally concerned with the work. He has sternly warned high-ranking leading cadres that they must set an example and avoid favoritism. It is said that the central authorities will deal with two children of well-known leaders, and will name them. A high-level meeting also recently decided that elements guilty of particularly serious crimes should, after due legal process, be executed, so as to "kill one to warn a hundred." After an example has been set by the central organs, this rectification work will spread throughout the whole country, from top to bottom, in 1986. A turn for the better in party style and social mood is expected.

TRAIN EXPLOSION CAUSED BY PEASANT SUICIDE

HK250138 Hong Kong WEN WEI PO in Chinese 24 Jan 86 p 2

[**"Special dispatch"** from correspondent Chou Wen-chiamg: "Truth About the Train Explosion Revealed; Peasant Took Dynamite on Board To Commit Suicide"]

[Text] The truth about the explosion on the train at the border of Hunan and Guangdong Provinces has been revealed: A peasant took dynamite on board the train to commit suicide, thus killing innocent people and causing a calamity.

An explosion on the Wuhan-Guangzhou express train No 247 at the border between Hunan and Guangdong Provinces on the evening of 15 January killed or injured 46 people. After the incident, all the public security departments of the provinces, cities and counties along the line immediately sent people to investigate. According to the survivors and a document found on the spot, and after carrying out complete investigation, the truth about the explosion was finally revealed:

A Hunan peasant about 27 years old was caught in a family dispute and was unable to extricate himself. He once told his wife and a girlfriend that he wanted to die, and even asked some of his friends about how to commit suicide. The peasant also bought six jin of dynamite and a bundle of fuses, and ignited the dynamite several times as an experiment near the village where he lived. On the day of the incident, his wife saw him go out with a package of dynamite. Soon afterward, she heard a loud explosion from the railroad and guessed that he had been killed. So his wife went back to her parents' home at once and tearfully told her brother what had happened. But they did not know that he had also killed many innocent passengers while killing himself.

According to the survivors, most of the passengers were sleeping when the explosion occurred. Two young parents sitting beside him were playing with their baby at the time of the explosion. As a result, the baby was thrown out of the train, his head severed from his body.

A girl sitting in the seat opposite him escaped death because she had exchanged seats with her boyfriend before the explosion occurred, but her boyfriend was seriously injured and later died in the hospital. Another young couple escaped death because they had left their seats to go to watch others playing cards.

Postscript: From 16 January, all railroad stations in China began to adopt strict security measures to ban people from taking flammable items and explosives on board in order to ensure the safety of the passengers during the Chinese new year.

MING PAO ARTICLE NOTES RISING PRICES IN BEIJING

Hong Kong MING PAO in Chinese 22 Jan 86 p 5

[*"Beijing Scene" by Liang San-po: "A Tide of Rising Prices"*]

[Text] In order to follow the fashion, I bought some exquisite postcards on the eve of the new year so that I could send them to my relatives and friends in the United States. As usual, we put an 0.8 yuan stamp on each overseas airmail letter.

It was a holiday on 1 January. After making dumplings, I suddenly remembered that I had forgotten to send a new year card to a friend in New York. I wrote a few words hastily, put a 0.8 yuan stamp on the airmail envelop, and went directly to the post office. Unexpectedly, the lady at the counter returned the letter to me and said: "That is not enough postage." I argued: "It was 0.8 yuan 2 days ago." The lady replied contemptuously: "Starting today the price has increased."

I was struck dumb by the news. Prices changing so quickly. I had to admit that I am too bookish and pay no attention to current affairs. Still unconvinced, I asked the lady: "The news about a postal rate increase has not been carried in the newspaper." She took no notice of my "objection," but went on looking at a mirror and making up her eyebrows.

I had to mail the airmail letter. Our friendship, after all, was more important than money. With a change in my attitude, I asked the lady humbly: "How much should I pay then, comrade?" "1.1 yuan!" I put another 0.3 yuan stamp on the envelop. Later, I learned that the price of domestic airmail letters also rose from 0.1 yuan to 0.5 yuan.

I went home perplexed and discussed the matter with my wife: "We often said in the past that the price of everything rose except stamps. We can no longer say that now!" My wife was shocked by the figures. She calculated them by herself: "If the price of an overseas airmail letter rises from 0.8 yuan to 1.1 yuan, it would be an increase of 26.66 percent!"

"Domestic and Hong Kong and Macao airmail letters have also increased from 0.1 yuan to 0.5 yuan, up 400 percent. Easy to calculate, isn't it?" I said with a smile.

She shook her head and heaved a deep sigh. People say that the price of matches will not increase, she told me, now it has increased by 50 percent. When I went to a store to buy matches a few days ago, the clerk told me: "There will be a further increase after the new year!"

The dumplings were cooked and ready to be served as our conversation went on. We forgot about the price increase topic when the dumplings sent forth an appetizing smell. We set the table and were ready to celebrate New Year's Day.

A friend of mine came at this moment. He took off his overcoat and presented a bottle of famous Sichuan brand "Wu Liang Ye" wine.

Then he said casually: "Damn it! This wine could be brought for 6 or 7 yuan in the past. Now it costs 30 yuan." I blamed him for not buying it from a state-owned shop. With a long face, he said: "You simply can't get such fine liquor from a state-owned shop."

The famous wine embarrassed me. Dumplings actually do not go very well with wine. I persuaded my friend to keep the wine until dinner. After enjoying the dumplings, I had a talk with my wife. With such a nice bottle of wine, I told my wife to buy some meat to entertain our friend. I said that there were prawns for sale in the market. She asked me about the price and I replied 22 yuan per jin. "My god," she put out her tongue: "We only have 30 yuan left and the next pay day is on the 4th."

My wife took a basket and went to the market. When she returned, she showed me the things she had purchased: A frozen chicken, a grass carp, two packs of "555" cigarettes, and some Chinese flowering cabbage. She told me quietly: "I spent more than 20 yuan for all this."

After all, we had a fish on the table which was a sign of prosperity according to Chinese custom. During the dinner, the friend said: "At the party last night, the mayor said that there will be an all-round growth in Beijing's work in the new year." When my wife heard the word "growth," she reacted quickly: "What? All-round growth? Thank goodness, we hope that there will be an increase in our wages."

#### HONG KONG BISHOP VISITS PRC FOR FAMILY REUNION

HK24045 Hong Kong SOUTH CHINA MORNING POST in English 24 Jan 86 p 1

[By Walter Cheung in Wuhua]

[Excerpt] Hong Kong's Roman Catholic Bishop, the Most Reverend John Baptist Wu, was reunited with his youngest brother at a guesthouse in Wuhua County last night after being separated for 40 years. Bishop Wu will meet his 85-year-old mother and two other younger brothers this morning on his return to Cai Dong village in Hekou, Wuhua.

The Bishop plans to celebrate Mass for his Catholic family at their house.

It is believed that no Catholic bishop from outside China has said Mass in the country since the Chinese Government severed links with the Vatican in the 1950s.

Bishop Wu left his village after finishing secondary school and went to Hong Kong in 1946 to study at the then South China Regional Seminary. Subsequent lost contacts and political considerations have prevented Bishop Wu from returning to Cai Dong. After being ordained in 1952, Bishop Wu went to Rome, then the United States and finally Taiwan before returning to Hong Kong in 1975 to become Bishop.

After dinner with the head of the county, Mr Deng Chaoji, Bishop Wu met his youngest brother, Mr Wu Telu, who went to the guesthouse where Bishop Wu was staying.

Bishop Wu asked his brother whether he recognised him. His brother replied that he had seen his photographs. Reporters were asked not to disturb their 45-minute talk and his brother did not speak to reporters afterwards.

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